



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

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Acting Executive Director

September 2, 2008

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE A DISPOSITION AND DEVELOPMENT AGREEMENT WITH OLSON –
URBAN HOUSING, LLC FOR DEVELOPMENT OF 94 SINGLE-FAMILY HOMES IN
UNINCORPORATED WILLOWBROOK (District 2) (3 VOTE)**

SUBJECT:

This letter requests that your Board approve the sale and conveyance of a 9.5-acre site owned by the Housing Authority of the County of Los Angeles, for the development of 94 single family homes, of which 38 will be affordable units. Approval of the actions will increase homeownership opportunities for lower-income buyers in the County.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration (EA/MND) prepared pursuant to the requirements of the California Environmental Quality Act (CEQA), together with any comments received during the public review process, for the development of 94 single-family homes on a site located at 13024 Salinas Avenue in the unincorporated community of Willowbrook.
2. Find that with the incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan, and required as a condition of project approval, the proposed project will not have a significant effect on the environment; approve the EA/MND; find that the project will have no adverse effect on wildlife resources; and authorize the Acting Executive Director to complete and file with the County Clerk a Certificate of Exemption for the project described above.

3. Find that the EA/MND reflects the independent judgment of the Housing Authority; instruct the Acting Executive Director to file with the County Clerk a Notice of Determination, as required by CEQA; and instruct the Acting Executive Director to take any and all actions necessary to complete the implementation of this environmental review action, for the project described above.
4. Approve a Disposition and Development Agreement (DDA), submitted in substantially final form, between the Housing Authority and Olson Urban Housing, LLC (Developer), for the conveyance of a 9.5-acre Housing Authority-owned site located at 13024 Salinas Avenue in unincorporated Willowbrook (Site), for the development of 94 single-family homes, following approval as to form by County Counsel.
5. Authorize the Acting Executive Director to execute the DDA and all related documents necessary to convey the Site, to be effective following approval as to form by County Counsel and execution by all parties.
6. Authorize the Acting Executive Director to reimburse the Developer in a total amount of up to \$350,000 in City of Industry Funds (Industry Funds) for the reimbursement of impact fees incurred by the Developer for the development of the affordable units.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of the recommended actions is to approve a DDA for the sale and conveyance of the Site to the Developer, for the development of 94 single-family homes, 38 of which will be designated as affordable units for lower-income homebuyers.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund.

The Housing Authority will convey the Site to the Developer for a payment of one dollar. A Grant Deed will be used to convey the Site, following receipt of payment. An Agreement requiring the development to include 38 affordable units, as described below, will be recorded along with the Grant Deed.

A Financial Analysis for the development is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 14, 2005, the Housing Authority issued the Salinas Avenue Residential Homeownership Project Request for Proposals (RFP) to solicit proposals for the

development and sale of up to 95 single-family homes on 9.5 acres of contiguous Housing Authority-owned land. Under the RFP guidelines, 20% of the homes are to be reserved for households earning at or below 80% of the area median income (AMI) and 20% are to be reserved for households earning at or below 120% of the (AMI), as defined by the California Department of Housing and Community Development. Of the three proposals submitted, the Developer's proposal was selected because it met both threshold and technical review requirements.

On August 9, 2005, your Board approved an Agreement to Negotiate Exclusively with the Developer to negotiate a DDA to complete the project. The Agreement to Negotiate Exclusively was extended twice, in order to complete negotiations. The negotiations involved details concerning the assumption of ownership of the land by the Developer, performing outreach to the surrounding community, determining the number and type of affordable units, and the construction and sale of the homes. Provisions of the DDA include a total amount of up to \$350,000 in Industry Funds for the reimbursement of impact fees incurred by the Developer for the development of the affordable units.

The Salinas Avenue Residential Homeownership project will consist of 94 single-family homes, which will be constructed by the Developer on the Site. Thirty-eight of the 94 homes will be designated as affordable units and sold by the Developer to the Community Foundation Land Trust (CFLT). The affordable units will subsequently be sold to income-qualified first-time homebuyers by CFLT. Of the 38 affordable homes, half (19 homes) will be reserved for homebuyers earning no more than 120% of AMI as determined annually by the State of California Department of Housing and Community Development. The other half (19 homes) will be reserved for homebuyers earning no more than 80% of AMI. The remaining 56 homes will not receive homebuyer assistance through the DDA and will be sold to homebuyers without income restrictions. The anticipated completion date for the project is 2011.

A separate Agreement between the Housing Authority and CFLT will be recommended for approval by your Board in the near future. This Agreement will detail the financial and legal steps needed to complete the sales to income-qualified first time homebuyers, and will include approved marketing and sales procedures to ensure that the appropriate outreach has been conducted to attract eligible homebuyers. The Housing Authority will provide a total amount of up to \$2,250,000 in Industry Funds, subject to Board approval, for secondary financing at the time of sale of the affordable units.

All homes will be certified as Energy Star Homes as defined by the U.S. Environmental Protection Agency's Star partnership program. The Developer will pay for any offsite improvements, which may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains and utility installation.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Certifying Official of the Community Development Commission on January 13, 2004. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on January 29, 2004.

Consistent with the provisions of CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the Environmental Assessment would be used in place of an Initial Study to satisfy CEQA requirements. The EA/MND was circulated for public review as required by state and local law, and the EA/MND, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA.

Approval of the EA/MND, including the Mitigation and Monitoring Plan, and filing a Notice of Determination with the County Clerk will satisfy CEQA requirements. A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The Housing Authority is exempt from paying this fee when your Board finds that the project will have no significant impact on wildlife resources. The project is located in an urban setting, and the EA/MND concludes there will be no adverse effect on wildlife resources.

The environmental review record for this project is available for public viewing during regular business hours at the Commission's main office located at 2 Coral Circle in Monterey Park.

IMPACT ON CURRENT PROGRAM:

Approval of these actions will increase homeownership opportunities for lower-income buyers in the County.

Respectfully submitted,


WILLIAM K. HUANG
Acting Executive Director

Attachments: 3

Attachment A
HOUSING FINANCIAL ANALYSIS
Salinas Avenue Residential Homeownership project

The Project consists of 94 single-family homes to be located at 13024 Salinas Avenue in unincorporated Willowbrook. Thirty-eight homes will be reserved for income-qualified, first-time homebuyers, 19 of which whose household income does not exceed 80% of the area median income (AMI), and the remaining 19 of which whose household income does not exceed 120% of the AMI, as defined by the California Department of Housing and Community Development. The remaining 56 units will be sold at market value.

The following is analysis of funding for the project:

Development Phase:

	<u>Affordable Homes</u>	<u>Market Rate Homes</u>	<u>Total</u>	<u>Per Home</u>
<u>Sources</u>				
<u>Construction Loan</u>	<u>\$8,337,751</u>	<u>\$18,352,949</u>	<u>\$26,690,700</u>	<u>\$283,944</u>
<u>City of Industry Funds (Permit Fees)*</u>	<u>\$350,000</u>	<u>\$0</u>	<u>\$350,000</u>	<u>\$9,211**</u>
<u>Land Write Down*</u>	<u>\$3,005,600</u>		<u>\$3,005,600</u>	<u>\$79,095**</u>
<u>TOTAL</u>	<u>\$11,693,351</u>	<u>\$18,352,949</u>	<u>\$30,046,300</u>	

Permanent Phase:

<u>Sources</u>				
<u>Land Write Down*</u>	<u>\$3,005,600</u>	<u>\$0</u>	<u>\$3,005,600</u>	<u>\$79,095**</u>
<u>City of Industry Funds (Permit Fees)*</u>	<u>\$350,000</u>	<u>\$0</u>	<u>\$350,000</u>	<u>\$9,211**</u>
<u>City of Industry – Second Trust Deed Loans*</u>	<u>\$2,250,000</u>	<u>\$0</u>	<u>\$2,250,000</u>	<u>\$59,211**</u>
<u>Homebuyer Conventional Funds</u>	<u>\$6,087,751</u>	<u>\$18,352,949</u>	<u>\$24,440,700</u>	<u>\$260,007</u>
<u>TOTAL</u>	<u>\$11,693,351</u>	<u>\$18,352,949</u>	<u>\$30,046,300</u>	

** Secondary financing reserved for income-qualified, first-time homebuyers.*

*** Specified per home figures are based on the 38 units set aside for income-qualified, first-time homebuyers only.*

Salinas Avenue
Mitigation Monitoring and Reporting Program

Mitigation Measure/Condition of Approval	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
Historic, Cultural, and Archaeological Resources							
No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. A Gabrielino representative should monitor any excavation associated with Native American materials. After the find has been appropriately mitigated, work in the area may resume. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.	Field verification during construction	Throughout construction	Periodically during construction	CDC			
Water Supply							
Because of ongoing concerns about regional water supplies, the facility shall be fitted with water conserving features, including, but not limited to, low flow faucets and toilets. Any proposed landscaped areas shall be designed with drought tolerant species. Planter beds shall be heavily mulched in accordance with water-conserving landscape design practice. Irrigation of planting beds shall be accomplished with drip systems.	Verification that project design include water conserving features	Prior to construction phase	Once	CDC			
Additional Modifications							
Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission of the County							

Key: CDC – Los Angeles County Community Development Commission

Salinas Avenue
Mitigation Monitoring and Reporting Program

Mitigation Measure/Condition of Approval	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.							

Key: CDC – Los Angeles County Community Development Commission

**County of Los Angeles
Community Development Commission**

**DRAFT MITIGATED NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

PROJECT TITLE: Salinas Avenue Housing Project

PROJECT DESCRIPTION: The proposed project involves the acquisition of a vacant 9.56-acre parcel and the development of 94 detached single-family homes on Salinas Avenue. Off-site improvements may include curbs, gutters, sidewalks, street trees, landscaping, street improvements, street lighting, storm drains, sewers, driveways, signage, underground utilities, and fire hydrants.

PROJECT LOCATION: The project site is located in the Compton area of unincorporated Los Angeles County, California. The 9.56-acre site is located at 13024 Salinas Avenue, just northeast of where Salinas Avenue turns into E. 131st Street.

MITIGATION MEASURES INCLUDED IN THE PROJECT TO AVOID POTENTIALLY SIGNIFICANT IMPACTS:

The following mitigation measures are required:

1. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within 50 meters of the find must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino/Tongva representative should monitor any mitigation excavation associated with Native American materials. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
2. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
3. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the

Executive Director of the Community Development Commission (CDC) of Los Angeles County.

FINDING OF NO SIGNIFICANT EFFECT. Based on the attached NEPA Environmental Assessment, it has been determined that the project will not have a significant effect on the environment, provided that all suggested mitigation measures are incorporated.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

HUD - NEPA- ENVIRONMENTAL ASSESSMENT

Project Name: Salinas Avenue Housing Project/HMD001

Project Location: The project site is located in the Compton area of unincorporated Los Angeles County, California. The 9.56-acre site is located at 13024 Salinas Avenue, just northeast of where Salinas Avenue turns into E. 131st Street. Figure 1 shows the regional location of the project, Figure 2 shows the location of the project within the community of Compton, and Figures 3a and 3b show the existing site conditions and the surrounding land uses.

**Assessor's Parcel
Number(s):**

Statement of Need: The proposed project is consistent with the guidelines of the CDBG program. The project provides for the development of affordable single-family housing.

Project Description: The proposed project involves the acquisition of a vacant 9.56-acre parcel and the development of 94 detached single-family homes on Salinas Avenue. Off-site improvements may include curbs, gutters, sidewalks, street trees, landscaping, street improvements, street lighting, storm drains, sewers, driveways, signage, underground utilities, and fire hydrants.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Land Development							
Conformance With Comprehensive Plans and Zoning	X						The project site is zoned R-1, <i>Single-Family Residence</i> (a). The proposed project would be consistent with this zoning designation.
Compatibility and Urban Impact	X						The project site is located in an area characterized by medium density single-family residential development, a park, and a school (b). Major commercial routes are located on the outskirts of the residential neighborhood (b). The project would be compatible with the scale and type of surrounding development. No adverse urban impacts would result from the project.
Slope	X						The project site is flat (b). The project would not involve major topographic modifications or create any significant erosion or sedimentation problems.
Erosion	X						There is no evidence of any substantial erosion problems onsite (b).
Soil Suitability	X						There is no evidence of soil suitability problems on the project site (b). Routine soil tests would need to be conducted to determine foundation design parameters for new structures.
Hazards and Nuisances, Including Site Safety	X						The project site does not display any evidence of conditions that may be hazardous or that would affect site safety (b). A Phase I Environmental Site Assessment was conducted for the project site by Block Environmental in August 2003 (c). A field visit, records search, and review of historical photos and documentation did not reveal evidence of any potentially hazardous environmental conditions.
Energy Consumption	X						Project operation would incrementally increase the consumption of electricity and natural gas. However, because these resources are available both locally and regionally, no significant impact to the availability of energy resources is expected over the long-term. The project would comply with state energy conservation requirements.
Noise							
Effects of Ambient Noise on Project and Contribution to Community Noise Levels					X		Project construction would generate short-term noise level increases. Local noise ordinances would apply. The project site is located within a quiet residential neighborhood and ambient noise levels would not exceed HUD thresholds for residential uses. Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would add approximately 1,100 average daily

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							vehicle trips to local roadways (d). This would incrementally increase roadway noise levels, but the increase is not expected to be audible or to cause an exceedance of HUD noise standards.
Air Quality							
Effects of Ambient Air Quality on Project and Contribution to Community Air Pollutant Levels	X						<p>The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM₁₀). Project residents would therefore be exposed to potentially unhealthy ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (e).</p> <p>Existing SCAQMD regulations restrict the emissions of dust and fumes during construction, and the project would be required to conform to these requirements (e).</p>
Environmental Design and Historic Values							
Visual Quality - Coherence, Diversity, Compatible Use, and Scale		X					The project would involve the development of medium density single-family housing in an area that is predominantly residential (b). The project would be compatible with the visual context and land use pattern of the existing neighborhood, and the new development would likely be an aesthetic benefit to the area.
Historic, Cultural, and Archaeological Resources					X		Historic and archaeological evaluations have been completed and are attached as appendices to this environmental assessment. The project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.
Socioeconomic Conditions							
Demographic/Character Changes	X						The proposed project would create new housing opportunities and could accommodate approximately 345-460 new residents (assuming 3-4 people per unit). The proposed project would not change the demographic character of the area and would be consistent with the existing medium-density residential development in the area.
Displacement	X						Since the site is currently vacant, no individuals would be displaced (b).
Employment and Income Patterns	X						The project would generate short-term employment opportunities during construction. No adverse impacts to employment or income patterns are expected.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Community Facilities and Services							
Educational Facilities			X				The proposed project would involve the development of 94 single family residences with the potential for school-age children to reside in the units. Therefore, there would be an increased demand upon local educational facilities. The project would be required to pay state-mandated school impact fees to the Compton Unified School District. Payment of these fees would mitigate the potential impacts to school capacity.
Commercial Facilities	X						The project would not adversely affect commercial facilities and may increase the customer base for existing businesses in the area.
Health Care	X						The proposed project may incrementally increase demand for health care services in the area, but would not be expected to adversely affect service. The hospital closest to the site is the King Drew Medical Center (less than 2 miles to the northeast).
Social Services	X						The proposed project would provide affordable housing for families. A significant increase in the need for other social services is not expected.
Solid Waste	X						Construction activity would generate solid waste in the short-term. All construction activity would be required to implement local policies concerning recycling/reuse of construction wastes. The proposed project would increase the generation of solid waste over existing conditions. This increase is not expected to significantly affect area landfills. The project would participate in local solid waste recycling programs.
Waste Water	X						The proposed project would increase wastewater generation over current conditions. Wastewater infrastructure would be installed in conjunction with project development and would be adequately sized to accommodate wastewater from the proposed residential project. Because the proposed project is zoned for single family residential use, it is presumed that local wastewater infrastructure has been sized to accommodate development similar to that proposed.
Storm Water	X						The project site is largely unpaved, although some areas of a former parking lot remain (b). Project development would incrementally increase the amount of impervious surfaces on-site, which could incrementally increase runoff from the site. However, the area storm drain system is in place and has been sized for urban development. Storm sewers would be installed on the site as part of project development and would be adequately sized to accommodate runoff from the site.
Water Supply					X		The proposed project would incrementally increase water demand over existing uses, but is not expected to generate

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							demand exceeding available water supply. Nevertheless, because of ongoing concerns about water supply in the Southern California region, water conservation measures should be incorporated into the design of the project.
Public Safety Police	X						The Los Angeles County Sheriff's Department's Century Station, located at 11703 Alameda Street in Lynwood (about 3.5 miles northeast of the site), provides police protection services in the project vicinity (f). The proposed project would incrementally increase demand for police protection services, but significant impacts are not anticipated.
Fire	X						The Los Angeles County Fire Department Station 41 would provide fire protection to the site. It is located at 1815 E. 120 th Street in Willowbrook, about 2 miles northeast of the project site (g). The proposed project would incrementally increase demand for fire protection; however, the project would comply with applicable Fire Code requirements. Impacts are not expected to be significant, given the limited size of the development.
Emergency Medical	X						The Los Angeles County Fire Department would provide emergency medical services for the project from Station 41 (g). Victims would be taken to the King Drew Medical Center adjacent to the fire station. The proposed project would incrementally increase the demand for paramedic and emergency medical services. However, this increase would not significantly affect the provision of emergency medical services.
Open Space And Recreation Open Space	X						The project would not adversely affect any areas designated as public open space.
Recreation	X						The proposed project would incrementally increase demand for recreational facilities in the area. However, a number of parks are located in the area and would be available to project occupants. These include Enterprise Park, which is directly adjacent to the site on the east, and Earvin Magic Johnson Recreation Area, which is across El Segundo Blvd. from the site (b, h). Between the two of them, these parks provide ball fields and courts, a pool, picnic and BBQ areas, a community center, fishing, and play areas (h).
Cultural Facilities	X						The proposed project would not adversely affect any cultural facilities (b).
Transportation	X						The proposed project would generate approximately 1,100 average daily vehicle trips (d). These trips would increase traffic on roadways in the immediate project vicinity, particularly El Segundo Boulevard, but would contribute minimally to overall traffic levels in the area. El Segundo Boulevard, a four-lane arterial north of the project site, currently averages about 17,600 vehicle trips per day (i). Four-lane arterials are typically designed with a standard

HUD - NEPA - Environmental Assessment

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Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							roadway engineering design capacity of between 38,000 to 40,000 average daily vehicle trips. Thus, even if all project-generated traffic were to utilize El Segundo Boulevard, daily traffic levels on that roadway would be only about 18,700 vehicles (or about 50% of the road's design capacity). Therefore, project-generated traffic is not expected to create traffic congestion exceeding road capacity or established local significance thresholds.
Natural Features							
Water Resources	X						The proposed project would not affect water resources (b).
Surface Water	X						Compton Creek is located about ½-mile east of the site. No surface water is located onsite or in the immediate site vicinity (b). Therefore, no impacts to surface water would occur.
Watercourses	X						There are no watercourses within the vicinity of the project area (b). No impact to watercourses is anticipated.
Unique Natural Features and Agricultural Lands	X						The proposed project would not affect any natural features. No active agricultural lands are present within or adjacent to the project area (b).
Vegetation and Wildlife	X						The project site contains ruderal vegetation and several mature, non-native trees. No important biotic communities exist, and no wildlife was observed onsite (b). Therefore, the project would not affect sensitive vegetation or wildlife.
Long-Term Effects							
Growth-Inducing Impacts	X						The proposed project would provide affordable single-family housing and could directly induce population growth by providing new housing in the area. However, the project is intended to provide housing services for existing City residents and thus is not expected to attract a significant number of people from outside the region. The project would not require the extension of infrastructure or roadways since the site has been developed in the past. Therefore, the project's potential to induce growth is not considered significant.
Cumulative Effects	X						The proposed project would provide infill development in an urbanized area. While it would increase the intensity of development on the project sites, it would not result in any significant impacts that would be cumulatively considerable.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
1. Historic Properties 36 CFR 800 (CDBG) 36 CFR 801 (UDAG)					X	Historic and archaeological assessments have been conducted and are attached as appendices to this environmental assessment. Though archaeological resources are not known on-site, work should be halted temporarily in the event that as yet undiscovered resources are uncovered during grading.
2. Floodplain Management 42 FR 26951	X					The project site is characterized as zone "X" on the FEMA Federal Insurance Rate Map, a zone with minimal flood potential (j).
3. Wetlands Protection 42 FR 26951	X					No wetlands are located on or near the project site (b).
4. Coastal Zone Plan 16 U.S.C. 1451	X					The project site is not located in a coastal zone (b).
5. Sole Source Aquifers 42 U.S.C. 201, 300(g) and 21 U.S.C. 349	X					No sole source aquifers are located in the site vicinity.
6. Endangered Species 16 U.S.C. 1531	X					The project site is in an urbanized area. No endangered species are located in the area.
7. Wild and Scenic Rivers 16 U.S.C. 1271	X					No wild or scenic rivers are located in the site vicinity (b).
8. Air Quality Protection 42 U.S.C. 7401	X					The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM ₁₀). Project residents would therefore be exposed to potentially unhealthful ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (e). Existing SCAQMD regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements (e).
9. Farmland Protection 7 U.S.C. 4201	X					No agricultural uses are located on-site or in the vicinity of the project (b).
10. Environmental Justice Executive Order 12898	X					The project would provide additional employment opportunities in the community during construction and would provide low-income housing options for area families. The project would not expose low-income or minority populations to any environmental justice concerns.

HUD - NEPA - Environmental Assessment

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Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
11. HUD Environmental Standards, 24 CFR 51 as amended						
a. Noise Abatement 24 CFR 51B	X					<p>Project construction would generate short-term noise level increases. Local noise ordinances would apply.</p> <p>The project site is located within a quiet residential neighborhood and ambient noise levels would not exceed HUD thresholds for residential uses.</p> <p>Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would add approximately 1,100 average daily vehicle trips to local roadways (d). This would increase roadway noise levels incrementally, but the increase is not expected to be audible or to cause an exceedance of HUD noise standards.</p>
b. Landfill Hazards CPD Letter 79-33	X					The project site is not subject to any known landfill hazards (b).
c. Upset Hazards 24 CFR 51B	X					The project site is not subject to any known upset hazards (b).
d. Flammable Oper. 24 CFR 51C	X					The project site is not subject to any known flammable operations or explosives (b).
e. Toxic/Radioactivity HUD Notice 79-33	X					The project site is not subject to any known toxic substances or radioactivity (b). Also, see discussion of "Hazards and Nuisances, Including Site Safety."
f. Airport Clear Zones 24 CFR 51D	X					The project site is not near an airport, and is not located in an airport clear zone (k).

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

Summary of Findings and Conclusions:

The proposed project involves the development of 94 single-family residences on a 9.56-acre site in the unincorporated Compton area of Los Angeles County. The site is zoned R-1, *Single-Family Residential*. The proposed project would be consistent with this zoning classification.

The project site is in an area characterized by single-family residential development, with a park and a school located adjacent to the site to the west and north, respectively. The proposed project would be compatible with the scale and visual character of the surrounding area. The project would not generate any significant noise impacts.

The project site is generally flat. The site is vacant and unpaved, with the exception of two areas of remnant surface parking. No threatened or endangered wildlife was observed on the site, nor is it expected to occur. No watercourses or water resources are located in the project area, and the project is located in an area with minimal flooding potential.

The project would not significantly affect public facilities or public services. Implementation of the project would create short-term employment opportunities during construction, and would not affect long-term employment patterns. The proposed project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures should be incorporated into project design.

The project would conform to all applicable federal, state, and regional air pollution control regulations, both short- and long-term, and would not significantly affect local or regional air quality. The project would incrementally increase daily traffic volumes in the immediate area; however, project-generated traffic would not significantly affect local roadways. The site does not contain any known significant hazards, nor is the project expected to create hazards.

Summary of Environmental Conditions:

The project site is currently vacant with two remnant areas of surface parking. Vegetation consists of grass and some mature, non-native trees. No wildlife was observed on-site.

Project Modifications and Alternatives Considered:

No unavoidably significant impacts were identified for the proposed project. Therefore, project alternatives or modifications have not been considered.

Mitigation Measures Required:

The following mitigation measures are required:

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

- 1. Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within 50 meters of the find must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino/Tongva representative should monitor any mitigation excavation associated with Native American materials. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
- 2. Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:

 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
- 3. Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of Los Angeles County.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

References:

- a. LACDC, project information, October 23, 2003. (PRINTED)
- b. Melissa Mascali, Environmental Analyst, Rincon Consultants, Site Visit, October 30, 2003. (FIELD)
- c. Block Environmental, *Phase I Environmental Site Assessment Report, Compton Unified School District (Former Mark Twain School), 13024 Salinas Avenue*, August 8, 2003. (PRINTED)
- d. Institute of Transportation Engineers, Trip Generation, 6th Edition, 1997. (PRINTED)
- e. South Coast Air Quality Management District (November 1993), CEQA Air Quality Handbook. (PRINTED)
- f. Los Angeles County Sheriff's Department, Official Website, <http://lasd.org>, accessed November 5, 2003. (ELECTRONIC)
- g. Los Angeles County Fire Department, Official Website, <http://www.lacofd.org>, accessed November 4, 2003. (ELECTRONIC)
- h. Los Angeles County Parks and Recreation District, Official Website, <http://parks.co.la.ca.us>, accessed November 5, 2003. (ELECTRONIC)
- i. Los Angeles County Department of Public Works, Traffic Division, personal communication, November 10, 2003. (COMMUNICATION)
- j. FEMA Flood Insurance Rate Map (FIRM), panel no. 065043 0940C, revised July 6, 1998. (PRINTED)
- k. Thomas Brothers Maps, Los Angeles County, 2003. (PRINTED)

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

1. Is the project in compliance with applicable laws and regulations? ☒ Yes ☐ No
2. Is an EIS required? ☐ Yes ☒ No
3. A Finding of No Significant Impact (FONSI) can be made. The project will not significantly affect the quality of the human environment. ☒ Yes ☐ No

Basic Reasons Supporting Decision:

The proposed project involves the development of 94 single-family residences on a 9.56-acre site in the unincorporated Compton area of Los Angeles County. The site is zoned R-1, *Single-Family Residential*. The proposed project would be consistent with this zoning classification.

The project site is in an area characterized by single-family residential development, with a park and a school located adjacent to the site to the west and north, respectively. The proposed project would be compatible with the scale and visual character of the surrounding area. The project would not generate any significant noise impacts.

The project site is generally flat. The site is vacant and unpaved, with the exception of two areas of remnant surface parking. No threatened or endangered wildlife was observed on the site, nor is it expected to occur. No watercourses or water resources are located in the project area, and the project is located in an area with minimal flooding potential.

The project would not significantly affect public facilities or public services. Implementation of the project would create short-term employment opportunities during construction, and would not affect long-term employment patterns. The proposed project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures should be incorporated into project design.

The project would conform to all applicable federal, state, and regional air pollution control regulations, both short- and long-term, and would not significantly affect local or regional air quality. The project would incrementally increase daily traffic volumes in the immediate area; however, project-generated traffic would not significantly affect local roadways. The site does not contain any known significant hazards, nor is the project expected to create hazards.

The following mitigation measures are required:

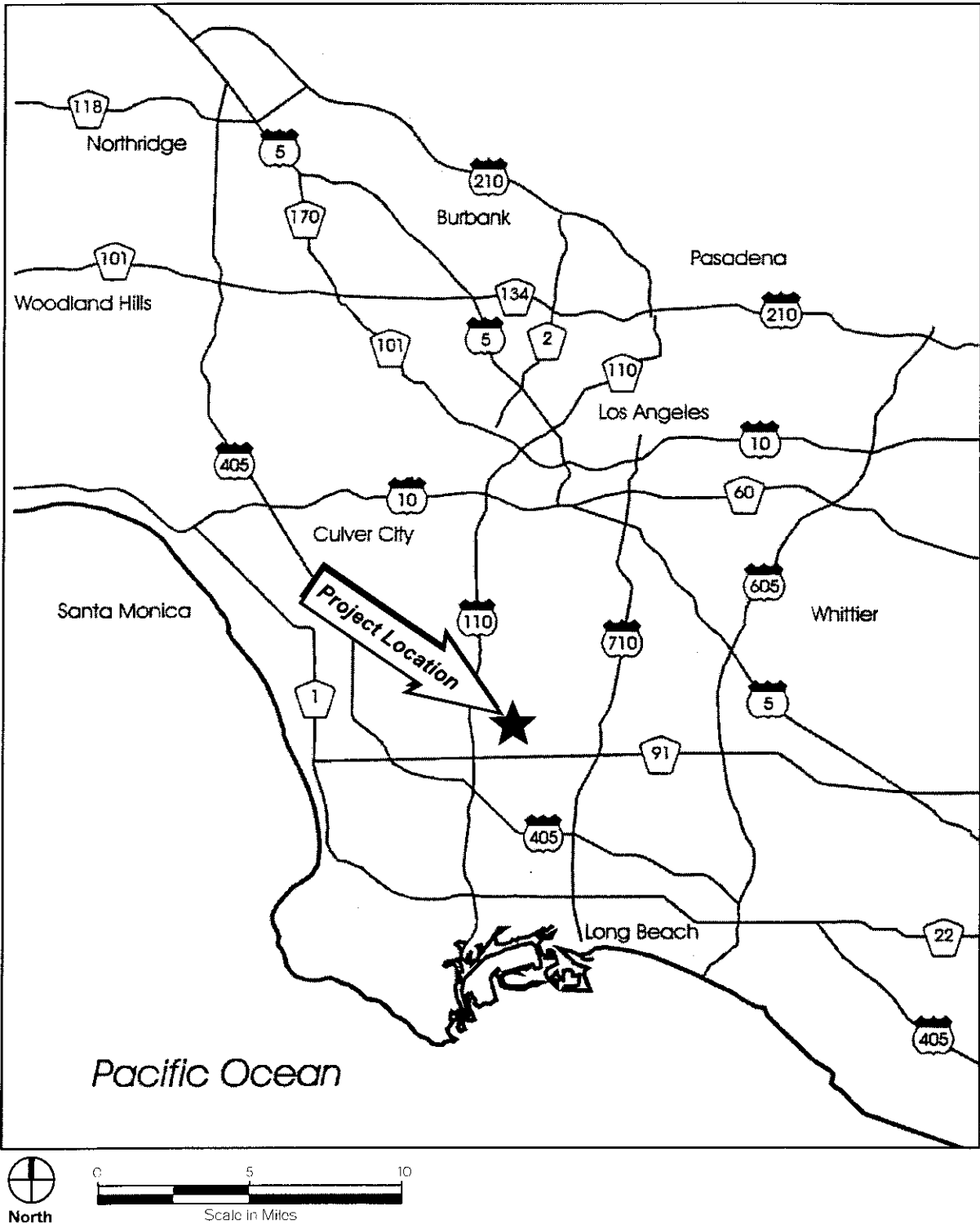
HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Salinas Avenue Housing Project/HMD001

1. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within 50 meters of the find must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino/Tongva representative should monitor any mitigation excavation associated with Native American materials. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
2. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
3. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of Los Angeles County.

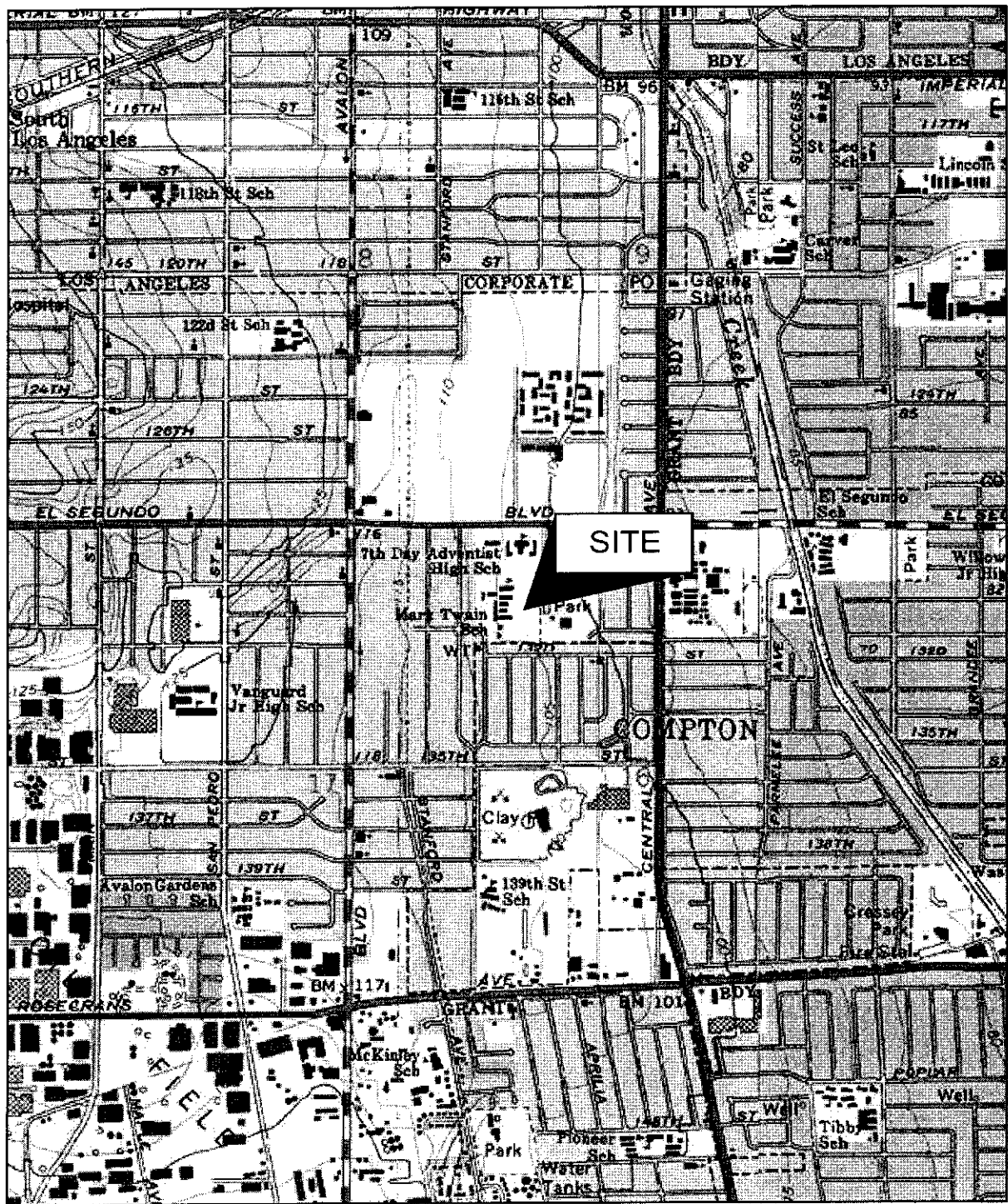
The proposed project is not expected to contribute to significant impacts to the environment and a Finding of No Significant Impact can be made.

Prepared by:	<u>Melissa Mascali, MESM</u>	Title:	<u>Environmental Analyst, Rincon Consultants, Inc.</u>
Date:	<u>November 11, 2003</u>		
Concurred in:	<u>Donald Dean</u>	Title:	<u>Environmental Officer, Community Development Commission of the County of Los Angeles</u>
Date:	<u>November 11, 2003</u>		



Regional Location

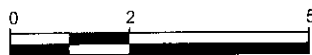
Figure 1
LACDC



Source: National Geographic TOPOI, 2001, Inglewood, 1978.



North



Scale in Miles

Project Site Location

Figure 2
LACDC



View of project site from Salinas Ave., facing northeast.



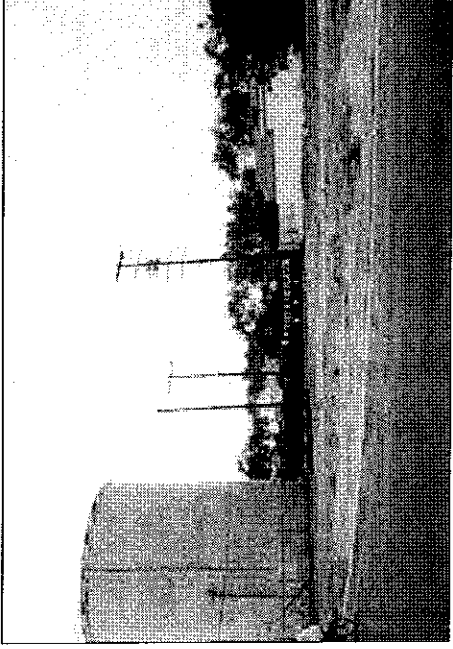
View of project site facing east. Note mature trees onsite.

Existing Site Conditions

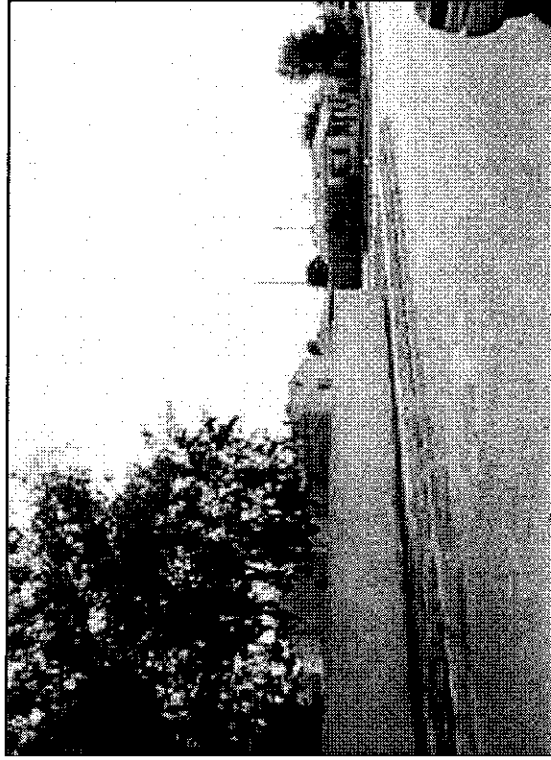
Figure 3a
LACDC



Single-family homes on Salinas Avenue, looking south.



Vacant parcel and water tank across Salinas Avenue from project site, looking west.



Residences on Salinas Avenue adjacent to project site, looking southeast.

Surrounding Views

Figure 3b
LACDC



**NEGATIVE PHASE I ARCHAEOLOGICAL SURVEY
OF APPROXIMATELY 9.56 ACRES FOR THE
SALINAS AVENUE HOUSING PROJECT
13024 SALINAS AVENUE – APN 6134-033-900
UNINCORPORATED COMPTON, LOS ANGELES COUNTY,
CALIFORNIA
(USGS 7.5' Inglewood Quadrangle)**

CDC Project No.HMD001

Prepared for:

**Los Angeles County
Community Development Commission**
2 Coral Circle
Monterey Park, California 91755
Contact: Donald Dean

Prepared by:

Conejo Archaeological Consultants
2321 Goldsmith Avenue
Thousand Oaks, California 91360
805/494-4309
Author: Mary Maki



Document No. 03-200
November 2, 2003

I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

CDC Project Name/No.: Salinas Avenue Housing Project, Compton Project No. HMD001	Location: 13024 Salinas Avenue, Unincorporated Los Angeles County	Thomas Bro. Grid: Pg.734/E2	Assessor Parcel Nos. 6134-033-900	CDC Contact: Donald Dean Environmental Officer (323) 890-7186
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This report was prepared at the request of Donald Dean of the Los Angeles County Community Development Commission (CDC). It presents the results of a Phase I archaeological investigation conducted by Conejo Archaeological Consultants (Conejo) for the Salinas Avenue Housing Project. Federal funds will be used in the acquisition of APN 6134-033-900 for the construction of 94 single-family homes in the unincorporated Compton area of Los Angeles County (Exhibits 1, 2 & 3). Off-site improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, sewers, and utility installation.

This archaeological study was undertaken in compliance with the National Historic Preservation Act (NHPA), the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). This study also meets the cultural resource guidelines, policies and procedures as established by the United States Department of Housing and Urban Development (HUD), and the Los Angeles County Planning Department.

II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results and field survey findings, no impacts to archaeological resources are anticipated from development of the Salinas Avenue Housing Project. No further archaeological investigations are warranted prior to project approval. In the event that buried prehistoric or historic materials are encountered during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until a qualified archaeologist can evaluate the nature and significance of the find, as detailed in Section VI of this report.

III. ENVIRONMENTAL SETTING

Physical Environment: The project's area of potential effect (APE), APN-6134-033-900, consists of the former Mark Twain School site and covers 9.56 acres. All of the school structures have been removed, with the exception of two asphalt parking lots and some fragments of sidewalk. The APE vegetation includes sparse grasses and scattered ornamental shrubs and trees. No stands of native vegetation occur on or adjacent to the APE.

The APE is located at an elevation of approximately 105 feet above mean sea level on the Torrance Plain within the West Coast Basin area of the Los Angeles Coastal Plain (Block

Environmental 2003). The project site's topography is relatively flat, sloping gently to the east. Project site soil consists of coarse-grained sand with some gravel, silt and clay. The Los Angeles River is located approximately 4 miles to the east.

Residential properties border the APE to the northeast, west and south. LA Adventist Academy School is located to the north of the APE. Enterprise Park is located east of the APE.

Cultural Environment:

Prehistory. The project site lies within the historic territory of the Native American group known as the Gabrielino, one of the wealthiest, most populous, and most powerful ethnic nationalities in aboriginal southern California (Bean and Smith 1978). The Gabrielino followed a sophisticated hunter-gatherer lifestyle, and were a deeply spiritual people (McCawley 1996). The Gabrielino territory included the Los Angeles Basin (which includes the watersheds of the Los Angeles, San Gabriel, and Santa Ana Rivers), the coast from Aliso Creek in the south to Topanga Creek in the north, and the four southern Channel Islands. For in depth information on the Gabrielino, the reader is referred to McCawley's (1996) *The First Angelinos, The Gabrielino Indians of Los Angeles*.

History. The following information is based on Block Environmental's 2003 Phase I Environmental Site Assessment for the project site, which included a review of historic maps, aerial photographs and city directories.

In 1938, the project site was farmland and Salinas Avenue did not exist. The adjacent land to the north, east and south of the APE was also farmland, while the land to the northeast and west was vacant. In 1952, six buildings were present on the subject site, which appear to be part of the Mark Twain School. In addition, Salinas Ave is present to the southwest and the area around the APE is developed with single-family homes, a park and another school. In 1963, twelve school buildings are present within the APE and there is increased development in the surrounding vicinity. The 1985 and 1992 aerials show the same 12 buildings within the APE as the 1963 aerial.

IV. SOURCES CONSULTED

South Central Coastal Information Center (SCCIC), CSU Fullerton, USGS 7.5' Quadrangle - Inglewood	October 30, 2003 Conducted by Mary Maki
National Register of Historic Places (NRHP) California Historic Landmarks	National Park Service 2003 2003 Office of Historic Preservation California Dept. Parks and Recreation
California Points of Historical Interest	1992
California State Historic Resources Inventory	Updated quarterly 2003

Results:

No prehistoric or historic sites have been recorded within a one-half mile radius of the project site.

Three surveys are recorded within a one-half mile radius of the project site. None of these surveys occurred within or adjacent to the APE.

The listings of the National Register of Historic Places (NRHP), California Historical Landmarks, and California Points of Historical Interest include no properties within or immediately adjacent to the APE. The California State Historic Resources Inventory lists no significant historical properties within or adjacent to the project site.

Historian Judy Triem is conducting a Section 106 review of the project APE's built environment.

V. FIELD METHODS

The APE was surveyed by archaeologist Mary Maki, M.A. on October 30, 2003 (Exhibits 2 & 3). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 15 years archaeological experience in southern California.

Linear transects spaced five meters (16 feet) apart were used to survey the APE. The project site's boundaries were clearly delineated by a fence line and surrounding development. The APE was vacant with the exception of two small asphalt parking lots and the remnants of a sidewalk. With the exception of the two parking lots, ground surface visibility ranged from good to fair across the APE, as the mowed grass was fairly sparse. No evidence of prehistoric or historic resources was observed. The ground surface throughout the APE was disturbed to varying degrees by past farming activities, and by the construction and demolition of Mark Twain School.

VI. REMARKS

Based on the record search, field survey results and extent of past ground disturbances, the proposed project is expected to have no impact on archaeological resources. No further archaeological investigation is warranted prior to project approval. Since an archaeological survey can only confidently assess the potential for encountering surface cultural resource remains, the following two recommendations should be incorporated as conditions of project approval:

1. In the event that archaeological resources are unearthed during project construction, all earth disturbing work within 50 meters (164 ft.) of the find must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A. Gabrielino/Tongva

representative should monitor any mitigation excavation associated with Native American materials.

2. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

VII. CERTIFICATION

Prepared By: Mary K. Maki	Title: Principal Investigator	Qualification: RPA Certified 14 Years So. CA arch experience
Signature:		Date: November 2, 2003

VIII. MAPS

Project Vicinity <input checked="" type="checkbox"/>	USGS 7.5' Inglewood, California Quad <input checked="" type="checkbox"/>	Archaeological APE <input checked="" type="checkbox"/>
--	--	--

IX. PHOTOGRAPHS

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Attached Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> (See Title Page)
--	------------------------------------	---

X. CITATIONS

Bean, Lowell John and Charles R. Smith

1978 Gabrielino. In *Handbook of North American Indians: California*, Volume 8. Edited by R.F. Heizer, pp. 505-508. W.G. Sturtevant, general editor. Smithsonian Institution, Washington D.C.

Block Environmental

2003 Phase I Environmental Site Assessment Report, Compton Unified School District (Former Mark Twain School) 13024 Salinas Avenue an Unincorporated Area of Compton, California. Prepared for County of Los Angeles, Community Development Commission, August 8, 2003.

McCawley, William

1996 *The First Angelinos, The Gabrielino Indians of Los Angeles*. Malki Museum Press, Morongo Indian Reservation, Banning, California.

National Park Service

2003 National Register of Historic Places. <http://www.cr.nps.gov/nr/research/nris.htm>. Department of the Interior.

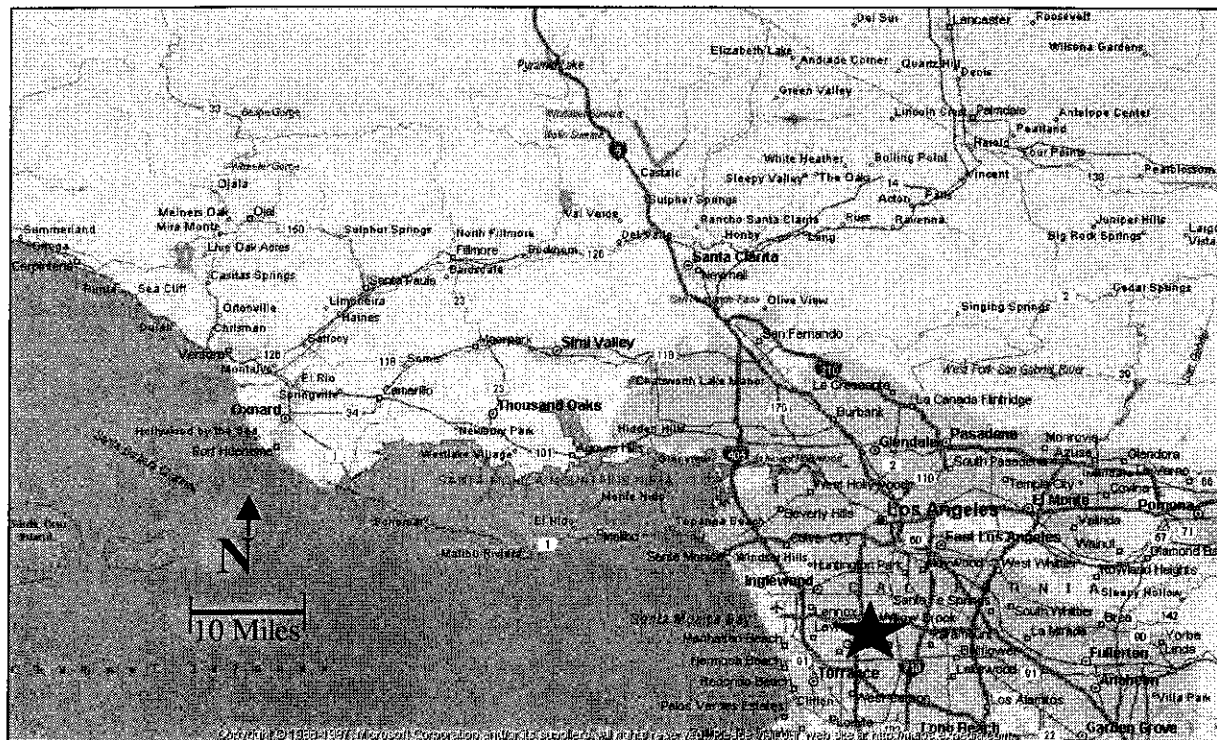
Office of Historic Preservation

2003 California Historical Landmarks.
http://ceres.ca.gov/geo_area/counties/LosAngeles/landmarks.html. Department of Parks and Recreation, Sacramento, California.

2003 Directory of Properties in the Property Data File for Los Angeles County. Department of Parks and Recreation, Sacramento, California

1992 *California Points of Historical Interest*. Department of Parks and Recreation, Sacramento, California.

Conejo Archaeological Consultants
Salinas Avenue Housing Project, Compton
Negative Archaeological Survey Report



Source: Microsoft Streets 98

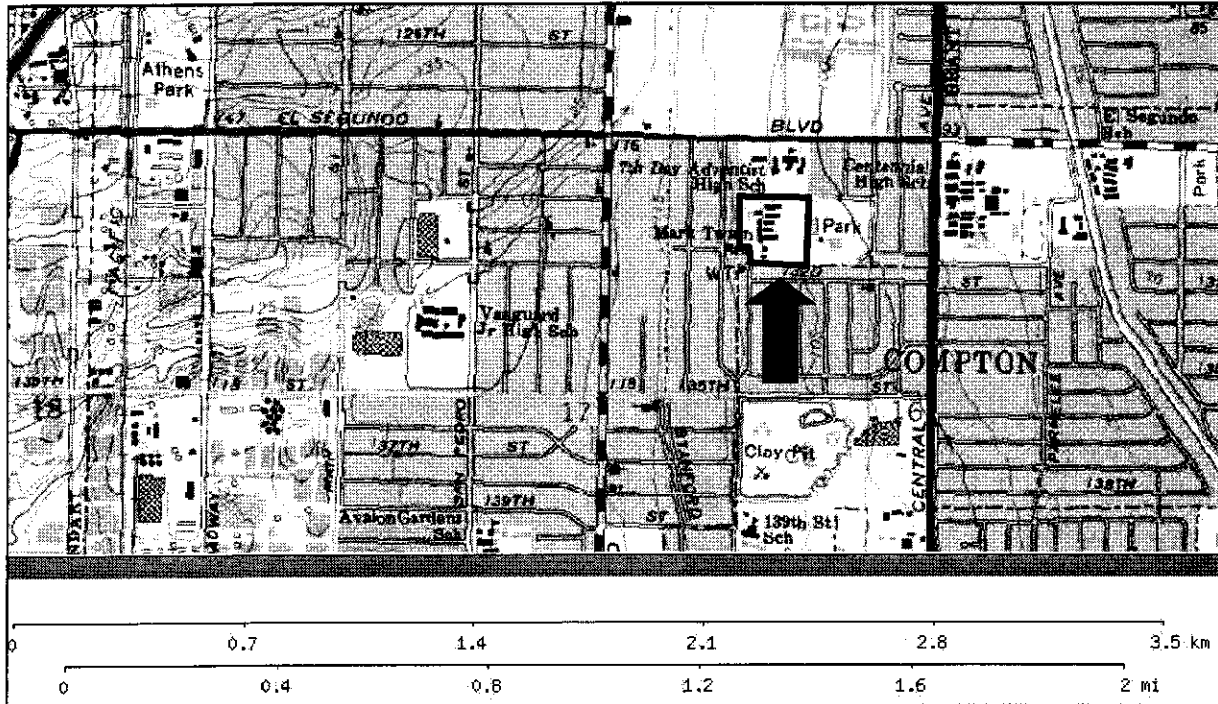
PROJECT VICINITY MAP
Salinas Avenue Senior Housing Project
13024 Salinas Avenue
Unincorporated Compton, Los Angeles County, California

Exhibit 1

<http://assessormap.lacountyassessor.com/mapping/viewer.asp>

Salinas Avenue Senior Housing Project
13024 Salinas Avenue
Unincorporated Compton, Los Angeles County, California

Page 7



USGS 7.5' Inglewood Quadrangle photorevised 1978

CULTURAL RESOURCES SURVEY AREA

Salinas Avenue Senior Housing Project
13024 Salinas Avenue
Unincorporated Compton, Los Angeles County, California

Exhibit 3

SAN BUENAVENTURA RESEARCH ASSOCIATES

MEMORANDUM

1328 Woodland Drive • Santa Paula CA • 93060

805/525-1909
Fax 805/525-1597
sbra@historicrosource.com
www.historicrosources.com

To: Joe Power, Rincon Consultants
From: Judy Triem, San Buenaventura Research Associates
Date: 17 November 2003
Re: **Section 106 Evaluation, Salinas Avenue Housing Project**

1. Description of Undertaking

The Los Angeles County Community Development Commission plans to use federal funds to acquire a vacant site covering 9.56 acres for development of 115 single-family homes at 13024 Salinas Avenue in the unincorporated Compton area of Los Angeles County.

Off-site improvements may include curbs, gutters, sidewalks, street trees, landscaping, street improvements, street lighting, storm drains, sewers, driveways, signage, underground utilities and fire hydrants.

2. Area of Potential Effect

The Area of Potential Effect (APE) includes the project site at 13024 Salinas Avenue (APN 6134-033-900) and the adjacent parcels on McKinley Avenue, 130th Street, 132nd Street and El Segundo Avenue.

3. Description of Location of Undertaking

The project site at 13024 Salinas Avenue in the unincorporated area of Los Angeles County adjacent to Compton is a vacant site, formerly containing the Mark Twain School buildings (photo 1). Today asphalt parking lot and driveways plus a few scattered trees are all that remain. The site is surrounded on all sides by single family residences, a park and a school.

Across Salinas Avenue from the project site is a vacant lot, a water tank and single family residences from the 1940s (photos 2, 10). South of the project site along 132nd Street are single family residences from the 1930s and 40s (photo 3). West of the project site, along McKinley Avenue, is a residential neighborhood of single family houses from the 1940s (photos 6- 7). North of the project site is the recently built Lorenzo Pantee Pavillion and the L.A. Adventist Academy (photos 8-9). East of the project site is the Enterprise Park (photo 4). Northeast of the project site on 130th Street are single and multi-family residences from the 1940s (photo 5).

4. Historic Resources/National Register Determination

National Register of Historic Places Criteria

The criteria for determining eligibility for listing on the National Register of Historic Places (NRHP) have been developed by the National Park Service. Resources may qualify for NRHP listing if they:

- A. are associated with events that have made a significant contribution to the broad patterns of our history; or
- B. are associated with the lives of persons significant in our past; or
- C. embody the distinctive characteristics of a type, period, or method of construction or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- D. have yielded, or may be likely to yield, information important in prehistory or history.

According to the National Register of Historic Places guidelines, the "essential physical features" of a

property must be present for it to convey its significance. Further, in order to qualify for the NRHP, a resource must retain its integrity, or "the ability of a property to convey its significance."

The seven aspects of integrity are: Location (the place where the historic property was constructed or the place where the historic event occurred); Design (the combination of elements that create the form, plan, space, structure, and style of a property); Setting (the physical environment of a historic property); Materials (the physical elements that were combined or deposited during a particular period of time and in a particular pattern or configuration to form a historic property); Workmanship (the physical evidence of the crafts of a particular culture or people during any given period of history or prehistory); Feeling (a property's expression of the aesthetic or historic sense of a particular period of time), and; Association (the direct link between an important historic event or person and a historic property).

The minimum age criterion for the National Register of Historic Places (NRHP) is 50 years. Properties less than 50 years old may be eligible for listing on the NRHP if they can be regarded as "exceptional," as defined by the NRHP procedures, or in terms of the CRHR, "if it can be demonstrated that sufficient time has passed to understand its historical importance" (Chapter 11, Title 14, §4842(d)(2)).

Project Site Background

Compton was founded on the site of the Rancho San Pedro and was named for Griffith D. Compton who established a Methodist temperance college there in 1867. The Los Angeles-San Pedro Railroad also ran through the community in 1869 which became a farming center until the 1920s with the discovery of nearby oilfields. Both residential and commercial growth occurred, in part, due to new manufacturing and oil industries and the development of the nearby port of San Pedro.

The project site and surrounding area, prior to 1938, were undeveloped farmland. By 1952, the project site and surrounding area had been developed with a new school -- Mark Twain School, and new housing tracts adjacent to the school. The houses on McKinley Avenue were built in 1947. The residences on 130th and 132nd streets were also built during the late 1930s and 1940s. The Enterprise Park was established about the same time as the school - in the late 1940s.

The only historic buildings (those fifty years of age or older) are the residences along McKinley Avenue, 132nd Street and 130th Street. The buildings are primarily single family residences, with some duplexes on 130th Street, that were built primarily during the 1940s, following World War II.

The houses do not appear to be associated with any events that have made a significant contribution to the history of Compton (Criterion A). They were built as tract housing during primarily the 1940s.

There appears to be no significant individual associated with this residential development (Criterion B).

The residences are all modest examples of Post World War II tract housing incorporating the ranch style popular at the time. They are not architecturally noteworthy examples that might qualify for listing as a National Register district (Criterion C). However, if more research were conducted to provide a historic context for this residential area, the evaluation may change. At this time, because these buildings will not be demolished or altered, and are simply adjacent to a proposed housing complex, no further investigation will be conducted.

Conclusions

There are no buildings within the APE that are presently listed on the National Register or eligible for listing on the National Register.

5. Information from Local Organizations

There were no historical organizations to contact in Compton.

6. Selected Sources

Block Environmental, *Phase I Environmental Site Assessment Report*, Compton Unified School District, Compton, CA August, 2003.

California Historical Landmarks, 1990

Ethnic Survey, Los Angeles County entries.

Fecketter, Bruno R. *A Historical and Socioeconomic Analysis of Compton, California*. Doctoral Project, University of Beverly Hills, 1979.

Federal Register Listings through January, 2003

Gebhard, David and Winter, Robert, *Guide to Architecture in Los Angeles*, 1985.

Los Angeles County Assessor Records



PHOTO 1. Project site:13024 Salinas Avenue, facing northeast (16 November 2003).



PHOTO 2. Salinas Avenue, facing south west (16 November 2003).



PHOTO 3. 132nd Street, facing west (16 November 2003).



PHOTO 4. Enterprise Park, adjacent to project site on east, facing west (16 November 2003).



PHOTO 5. 130th Street, facing northeast, (16 November 2003).



PHOTO 6. McKinley Avenue, facing west (16 November 2003).

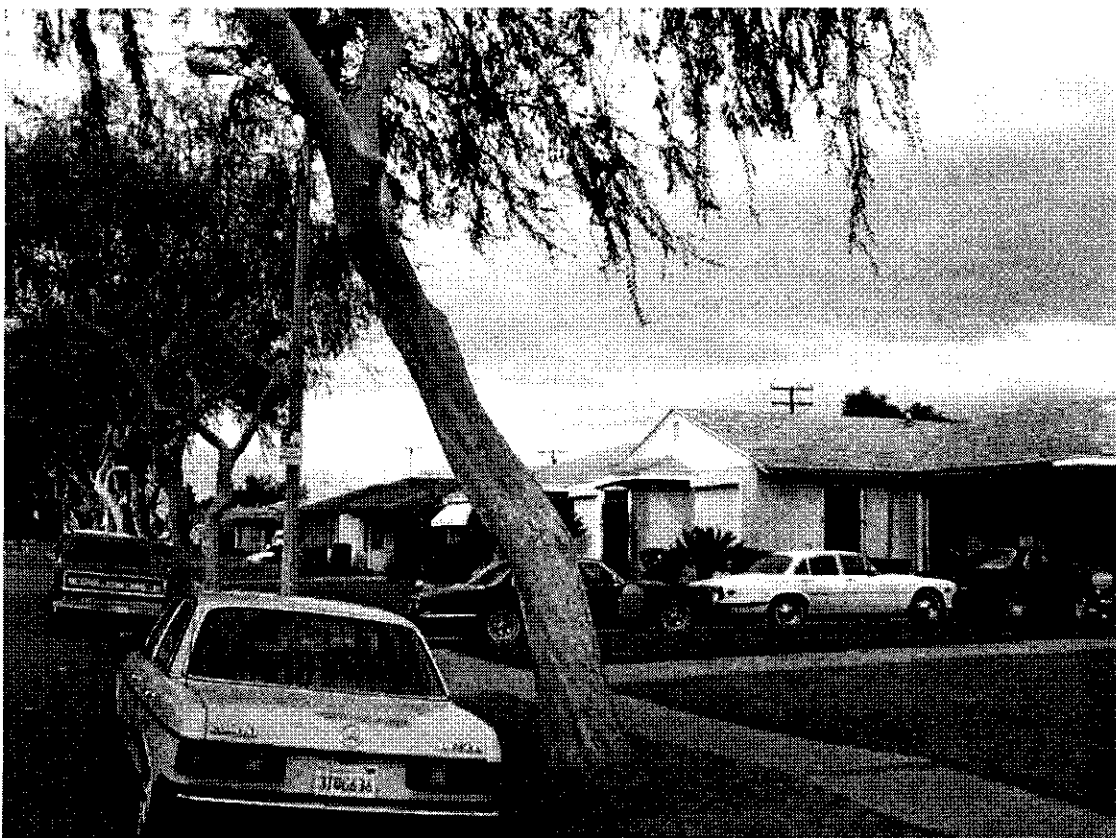


PHOTO 7. McKinley Avenue, facing north (16 November 2003).



PHOTO 8. Lorenzo Pante Pavilion, El Segundo Avenue, facing south (16 November 2003).

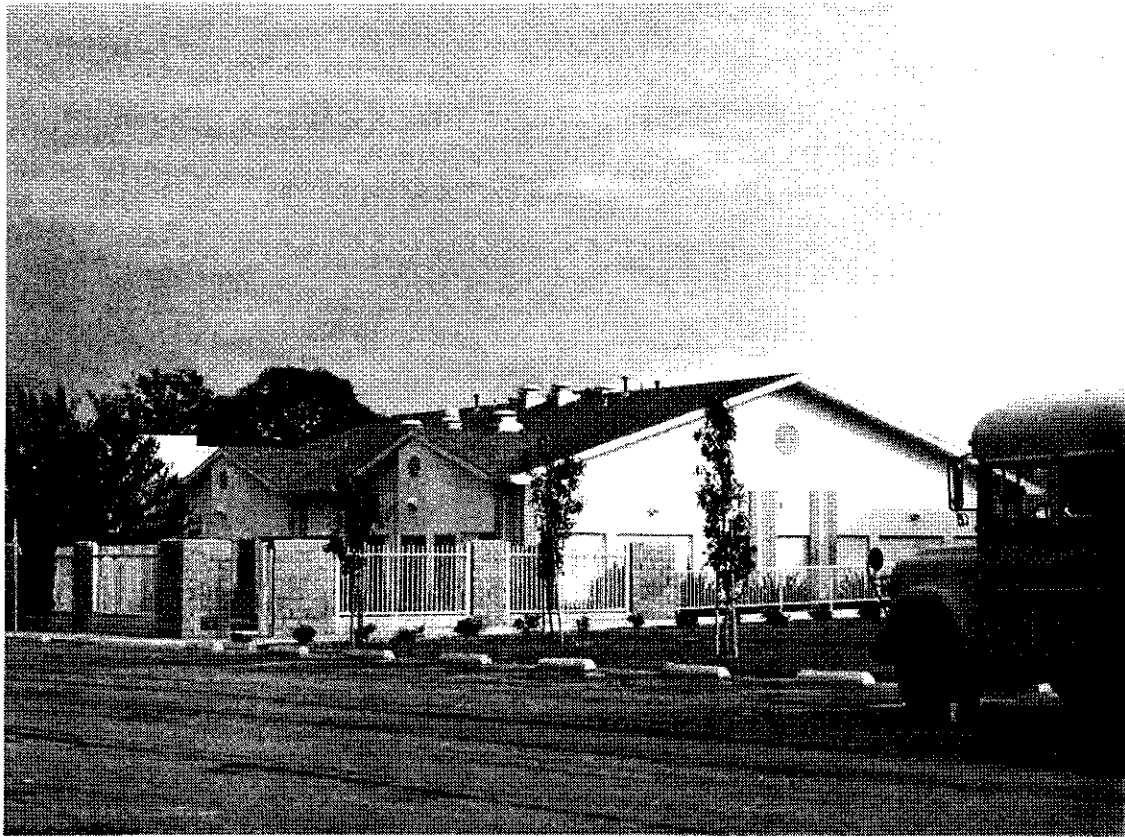


PHOTO 9. L.A. Adventist Academy, El Segundo Avenue, facing south (16 November 2003).



PHOTO 10. Salinas Avenue water tower, facing south (16 November 2003).

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development
and Preservation

DISPOSITION AND DEVELOPMENT AGREEMENT

PROJECT NO. YY1148

BY AND BETWEEN

**THE HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES**

AND

OLSON URBAN HOUSING, LLC

_____, 2008

DISPOSITION AND DEVELOPMENT AGREEMENT

Transaction Summary

Project Name: Salinas Avenue Residential Homeownership Project

Developer Name: Olson Urban Housing, LLC

☐ Limited Partnership ☒ LLC ☐ Nonprofit Public Benefit Corporation ☐ Other

Jurisdiction of Borrower Entity: Delaware

Total Number of Units in Project: 94 Location (Jurisdiction): Unincorporated Los Angeles County

☐ Incorporated ☒ Unincorporated Total Project Site Acreage: 9.5

Project Type: Single-Family, For-Sale, Detached Condominium Units: 94

Affordability :

Household Income Level	Total units for this income level
Market	56
Low & Moderate Income	38
TOTAL	94

Allocation:

City of Industry Funds	
Acquisition	\$XXXXXX
Qualified Buyer Assistance	\$2,250,000 To be Disbursed by Community Foundation Land Trust (CFLT)
Sub total	XXXXXX

Maximum Total Grant Amount \$XxXxXX

Maximum Amount Per Assisted Unit: \$XXXXXX

Repayment Terms on Individual Assisted Unit Loans:

Other Anticipated Financing Sources for Unit Purchasers / Priority Relative to Loan:

(1) Senior Construction Loan \$XXXXXX X senior ☐ junior ☐ parity

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Disposition and Development

Agreement shall control.

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (“**Agreement**”) is made as of the ____th day of _____, 2008, by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (“**HACOLA**”), and the developer entity listed in the Transaction Summary above (“**Developer**”). HACOLA and Developer are sometimes referred to collectively herein as the “**Parties**” and each individually as a “**Party**.”

RECITALS

A. WHEREAS, Developer intends to undertake the housing development Project described in the Transaction Summary above and in Section 4.1 below. The Project will be developed on a site acquired by HACOLA with City of Industry Redevelopment Low and Moderate Income Housing Funds administered by HACOLA, which is commonly known as 13024 Salinas Avenue in the unincorporated Willowbrook area of Los Angeles, California (UI) legally described on Exhibit “B” to this Agreement (the “**Site**”). A detailed Project Description is attached hereto as Exhibit “C” and reduced site plans and elevations for the Project are attached hereto as Exhibit “D”. Attached hereto for the convenience of the Parties as Exhibit “A” is a directory indicating the location of definitions for certain defined terms used in this Agreement. In the event of any conflict between the body of this Agreement and Exhibit “A”, the body of this Agreement shall prevail and supersede.

B. WHEREAS, the City of Industry Funds will be administered by HACOLA in accordance with authorization approved by the Board of Supervisors and the Board of Housing Commissioners on June 2, 1998, December 5, 2000 and September 9, 2003.

C. WHEREAS, upon completion of the Project, Developer intends to sell Ninety Four (94) Units in the Project, consisting of single-family detached condominiums. Thirty Eight (38) of the Units (the “**Assisted Units**”) will be sold to the Community Foundation Land Trust (“CFLT”), and CFLT will subsequently sell the Assisted Units and ground lease the underlying real property interests to income-qualified households under the terms of a Memorandum of Understanding between Developer and CFLT, and approved by HACOLA, which is substantially in the form attached hereto as Exhibit I and made part of this Agreement.

D. WHEREAS, HACOLA will convey the Site to the Developer for the sum of one dollar, in consideration for Developer’s performance of its obligations hereunder.

E. WHEREAS, other sources of financing of the Project, as set forth in the Transaction Summary, are anticipated to include construction financing from a senior construction lender approved by HACOLA (the “**Senior Construction Financing**”). Detailed financing assumptions regarding the Senior Construction Financing are attached hereto as Exhibit “E”.

F. WHEREAS, this Agreement will be recorded in the official records of Los Angeles County to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of this Agreement.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. LAND ACQUISITION

1.1. Sale of Site. HACOLA agrees, subject to the terms and conditions of this Agreement, to convey the Site to the Developer for the purchase price of ONE DOLLAR (\$1.00) (“**Purchase Price**”), and Developer agrees to acquire the Site and pay the Purchase Price to HACOLA. The funds needed to complete the development of the Project of the Site will come from other funds obtained by the Developer as described in Section 3.1.3.

2. LAND ACQUISITION ESCROW

HACOLA and the Developer agree, within the time established in the Schedule of Performance set forth as the attached Exhibit “H” (“**Schedule of Performance**”), to open an escrow (the “**Escrow**”) for the conveyance of the Site to Developer with an escrow company approved by HACOLA (“**Escrow Holder**”). This Section 2 and Section 3 of this Agreement constitute the escrow instructions with respect to the conveyance of the Site to Developer. The Parties shall deliver a fully-executed copy of this Agreement to Escrow Holder upon opening of the Escrow and this Agreement shall be incorporated into and made part of any supplemental escrow instructions generated by Escrow Holder provided that such supplementary instructions are consistent with this Agreement; and provided further that in the event of any conflict between such supplementary instructions and the terms of this Agreement, the terms of this Agreement shall prevail. Within five (5) days after opening of the Escrow, the Escrow Holder shall provide written acceptance of the provisions of this Section 2 and Section 3 to HACOLA and Developer. Upon delivery of said written acceptance, Escrow Holder shall be obligated and empowered to act under this Agreement and carry out its duties as such hereunder. Any addition, deletion, or modification of any provision contained in the escrow instructions referenced in this Section 2 or in Section 3 shall be in writing and signed by both HACOLA and the Developer. All communications from the Escrow Holder to HACOLA or the Developer shall be directed to the addresses and sent in the manner set forth in Section 16 of this Agreement for notices, demands, and communications between HACOLA and the Developer. The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Section 2 and under Section 3.

3. CLOSING CONDITIONS; ESCROW INSTRUCTIONS

3.1. Closing Conditions. The obligation of HACOLA to perform all of its obligations under this Agreement, including, without limitation, the conveyance of the Site to Developer, shall be expressly subject to satisfaction or waiver by HACOLA of all of the following conditions (collectively, the “**Closing Conditions**”) on or before the date specified in the Schedule of Performance for the close of the Escrow:

3.1.1. Title Insurance

3.1.1.1. Developer’s Title Policy. As a condition to the close of the Escrow, XXXXX Title Company (the “**Title Company**”) shall be in a position to issue to the Developer an ALTA standard form policy of title insurance, in the amount of the fair market value of the Site, as determined by appraisal (the “**Developer’s Title Policy**”), insuring that, upon the closing of the

Escrow, fee title to the Site is vested in the Developer. The Title Company shall provide HACOLA with a copy of the Developer's Title Policy.

3.1.1.2. Termination; Substitution of Title Company. In the event that the Title Company advises HACOLA, the Developer or the Escrow Holder in writing that it is unwilling or unable to issue the Developer's Title Policy by the earlier of the satisfaction of all other Closing Conditions or the date set forth in the Schedule of Performance, then this Agreement may be terminated by Developer by written notice to HACOLA and the Escrow Holder, in which event neither Party hereto shall have any further obligation to the other hereunder, provided, however, that in no event shall the Developer be permitted to terminate this Agreement pursuant to this Section 3.1.1 without first giving HACOLA thirty (30) days written notice of its intent to so terminate this Agreement in order to give HACOLA the opportunity to assist in obtaining a new title company to issue said policy or policies. HACOLA shall in no event have any responsibility to the Developer in the event HACOLA is unsuccessful in obtaining a new title company and the Developer's sole remedy in such event shall be to terminate this Agreement.

3.1.2. Zoning and Subdivision of the Site. As a condition to closing of the Escrow, the Developer, at its sole cost and expense, shall cause the zoning of the Site (including obtaining any conditional use permit, site plan approval, variance, and other permit or approval) to be such as to allow the development, construction, use, operation and maintenance of the Project on the Site in accordance with this Agreement, and shall cause a final subdivision map to be approved and recorded with respect to the Site. In the event that the Developer is unsuccessful prior to the date of the close of the Escrow (as set forth in the Schedule of Performance) to cause the zoning of the Site to conform to the zoning necessary to permit the development, construction, use, operation and maintenance of the Project on the Site, or to obtain the approval and recordation of the final subdivision map, this Agreement may be terminated by either Party by written notice to the other Party and Escrow Holder and the Developer and HACOLA shall have no further obligations hereunder. However, in no event shall the Developer terminate this Agreement pursuant to this Section 3.1.2 without first giving HACOLA, thirty (30) days prior written notice of its intent to so terminate this Agreement in order to give HACOLA the opportunity to cause such zoning to so conform. HACOLA shall in no event have any responsibility to the Developer in the event HACOLA is unsuccessful in obtaining any required zone changes or variances for the Site and the Developer's sole remedy in such event shall be to terminate this Agreement.

3.1.3. Submission of Evidence of Construction Financing and Construction Contract

3.1.3.1. Construction Financing. As specified in the Schedule of Performance, the Developer shall, prior to the close of the Escrow, deliver to HACOLA an irrevocable written commitment (the "**Construction Commitment**"), subject to such standard and reasonable conditions as are customarily imposed on such a commitment by an institutional lender, from a Qualified Financial Institution (as defined below) (the "**Senior Construction Lender**"), by which such Senior Construction Lender agrees to make financing available to the Developer for the development and construction of the Project (the "**Senior Construction Financing**"). The Construction Commitment shall be in an amount, together with Developer equity, which is sufficient to pay for the costs of development of the Project. As used herein, "**Qualified Financial Institution**" means a lender which is, or a consortium of lenders led by a lender which is, a bank, savings bank, pension fund, insurance company or other institutional entity which is licensed to do

business in California and is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the opinion of HACOLA, has a sufficient net worth, liquidity position and credit rating to meet the contemplated financing.

The Construction Commitment shall provide that: (i) the documents evidencing the Senior Construction Financing will provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Project financed or to be financed by the Senior Construction Financing, provided such proceeds are sufficient to so repair the Developer Improvements and not to repay the outstanding balance of the Senior Construction Financing; (ii) the Senior Construction Financing will have a term of at least twelve (12) months, but no longer than the period during which the Developer is obligated under this Agreement and the Schedule of Performance to complete and sell all Ninety Four (94) Units in the Project; (iii) the Senior Construction Financing shall be consistent with the terms and provisions of this Agreement and, to the extent not inconsistent with this Agreement, the Senior Construction Financing may be subject to the Senior Construction Lender's usual and customary commercial terms and conditions; and (iv) the Senior Construction Financing is for the sole purpose of providing funds to develop the Project, provided that such loan may be obtained pursuant to that certain Revolving Credit Agreement, dated as of April 27, 2006, as it may be amended from time to time, among In-Town Communities, LLC and a consortium of lenders led by Key Bank National Association, as administrative agent for itself and the other lenders in the consortium, in which the lenders have agreed to provide a loan to In-Town Communities, LLC of up to \$250,000,000 for various projects of Developer and its affiliates. In the event that the Senior Construction Financing is obtained pursuant to the Revolving Credit Agreement, HACOLA and the Senior Construction Lender shall enter into a mutually acceptable Subordination Agreement and Assignment of Development Agreement (or other agreement) which obligates the Senior Construction Lender to release the lien of the Senior Construction Financing from the Site upon payment of a specified release amount to the Senior Construction Lender. The Developer agrees to take all actions, furnish all information, give all consents and pay all sums required to keep the Construction Commitment and Senior Construction Financing in full force and effect and shall comply with all conditions thereof, and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements, and loan documents in connection therewith. The Developer agrees that it shall draw upon and utilize the Senior Construction Financing only for financing the development costs for the Project and shall provide HACOLA with copies of all disbursement requests and other documentation regarding the progress of the development of the Project and the disbursement of funds to the Developer.

The Developer agrees that as a condition to the close of the Escrow it shall obtain written approval by HACOLA of the Construction Commitment for the Senior Construction Financing on or before the date specified in the Schedule of Performance. Such approval of the Construction Commitment for the Senior Construction Financing will not constitute a waiver by HACOLA of any breach or violation of this Agreement by the Developer that is a result of acts that purport to be in compliance with or in furtherance of the Senior Construction Financing.

In the event that the Developer is unsuccessful, by the dates set forth in the Schedule of Performance, in obtaining a Construction Commitment or obtaining approval by HACOLA of any such Construction Commitment obtained, this Agreement may be terminated by either Party hereto by written notice to the other Party, in which event neither Party hereto shall have any further obligations to the other hereunder.

3.1.3.2. Construction Contract. By the deadline specified therefore in the Schedule of Performance, Developer agrees to deliver to HACOLA for its approval a written agreement (the “**Construction Contract**”) for construction of the Project on the Site and any and all work on the Site or in the public right of way in connection therewith. The Construction Contract shall include a construction schedule and a schedule of values (“**Construction Budget**”). The Construction Contract shall obligate a general contractor approved by HACOLA (the “**General Contractor**”), who is insured as required herein, appropriately licensed in California, and experienced in completing the type of work contemplated by this Agreement, to commence and complete the Project and Site work to be constructed on the Site in accordance with this Agreement; provided that no further approval of HACOLA shall be necessary if the General Contractor is an affiliate of Olson Urban Housing, LLC. The Construction Contract shall be a guaranteed maximum cost contract assuring completion of the Project for a fixed price, subject to such reasonable adjustments as are customarily allowed with respect to such contracts for authorized change orders or other like matters (it being further provided in the Construction Contract that all change orders shall be made in accordance with the Basic Design Concept, shall be of equal or better quality than the materials approved in the Plans, and shall not extend the date for any item on the Schedule of Performance by more than thirty (30) days). The fixed price for the Construction Contract shall be in an amount that, when added to all consultant and loan fees, “points,” commissions, charges, developer’s fees, fixtures, taxes, interest, start-up and any other costs and expenses of developing and completing the Project and Site work (the aggregate of these costs is sometimes referred to collectively as “**Development Cost**”), does not exceed the aggregate amount of (i) the Construction Commitment, and (ii) all equity to be contributed by and demonstrated to be available to the Developer for the cost of constructing the Project.

The Developer shall obtain HACOLA’s written approval of the Construction Contract and the General Contractor on or before the date specified in the Schedule of Performance and as a condition to the close of the Escrow. HACOLA’s approval of any Construction Contract will not constitute a waiver by HACOLA of any breach or violation of this Agreement that is a result of acts that are or purport to be in compliance with or in furtherance of said Construction Contract.

3.1.3.3. Procedure for HACOLA Approval of Construction Financing and the Construction Contract. The Developer must obtain the approval of HACOLA, which approval shall not be unreasonably withheld, with respect to all financing and construction documentation required to be delivered pursuant to Sections 3.1.3.1 and 3.1.3.2 (collectively, the “**Submissions**”). HACOLA shall approve or disapprove the Submissions within the time set forth in the Schedule of Performance. The Developer shall have ten (10) business days from receipt of any notice from HACOLA disapproving a Submission (a “**Disapproval Notice**”) within which to notify HACOLA that the Developer will revise the Submission as requested or to object to such HACOLA disapproval. If the Developer does not notify HACOLA in writing within such ten (10) business day period that it specifically objects to the HACOLA disapproval, the Developer shall be deemed to have agreed to revise the Submission as requested by HACOLA. If the Developer objects to the HACOLA disapproval, and if the Developer so notifies HACOLA within said ten (10) business day period of its specific objection, then HACOLA and the Developer agree that they will meet to discuss their differences within ten (10) days after the date on which Developer gives such notice. Unless excused, failure of the Developer to meet with HACOLA within said ten (10) day period

shall constitute a waiver by the Developer of such objection. Following said meeting, or following the Developer's deemed approval or waiver of such objection, the Developer shall revise the objected-to Submission and resubmit it to HACOLA as soon as possible, but in no event later than thirty (30) days after receipt of the Disapproval Notice. Any such resubmission shall be approved or disapproved and revised within the times set forth herein with respect to the initial Submissions. Notwithstanding the above time periods, if HACOLA deems it appropriate or necessary to hold a public meeting of HACOLA, or any agency or commission thereof, before the action specified is to be taken, the period for such action by HACOLA shall be extended by a reasonable amount of time, not to exceed thirty (30) days, in each case, for the holding of such public meeting(s). Such extended period shall be at the option of HACOLA only; provided that, if HACOLA elects to receive the above extension, the time for Developer's performance of its obligations under this paragraph shall be extended by a period of time equal to the actual extension obtained by HACOLA.

3.1.4. Delivery of Documents; Other Conditions.

3.1.4.1. The execution of this Agreement by HACOLA and Developer, and delivery of a fully executed copy to Escrow Holder.

3.1.4.2. HACOLA's deposit into the Escrow of a fully executed Grant Deed, substantially in the form attached hereto as Exhibit F and incorporated herein (the "**Land Acquisition Grant Deed**").

3.1.4.3. Developer shall deliver to CDC a copy of the loan documents for the Construction Financing, which shall be executed prior to or concurrently with the Close of Escrow.

3.1.4.4. Developer shall deliver to CDC an executed copy of the Agreement between the Developer and the CFLT.

3.1.4.5. Receipt by HACOLA from Developer of such other documents, certifications and authorizations as are reasonably required by HACOLA, in form and substance reasonably satisfactory to HACOLA, evidencing that (i) this Agreement and all other documents given or executed in connection herewith (collectively, the "**Transaction Documents**") are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Developer pursuant to the respective terms of each of such documents, and (ii) the execution and delivery of the Transaction Documents, and the performance hereunder by Developer, will not breach or violate any applicable Governmental Restrictions nor constitute a breach of or default under any instrument or agreement to which Developer is a party.

3.1.4.6. No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Construction Financing, and Developer shall have demonstrated to the satisfaction of HACOLA's Executive Director (or his designee) that all financing sources for development of the Project are or will be available in sufficient amounts to provide for full and timely completion of the Project. In particular, but not by way of limitation (i) the Senior Construction Financing has been approved by HACOLA, is in full force and effect, with all pre-

conditions to funding having been satisfied and with the Senior Construction Lender having issued escrow instructions for the recordation of the Senior Construction Financing immediately upon recordation of the Land Acquisition Grant Deed, and (ii) the Permanent Financing Interest Letters have been approved by HACOLA, are in full force and effect, with all pre-conditions to funding having been satisfied other than the lien-free completion of the Project and with the Permanent Lenders having certified in writing to HACOLA and Escrow Holder that they are ready to issue Permanent Loans to Qualified Buyers satisfying their respective credit requirements.

3.1.4.7. Developer shall have furnished HACOLA with certificates of insurance evidencing the coverages required by Section 4.7 below.

3.1.4.8. Developer shall have certified and demonstrated to HACOLA that the requirements of Section 4.8 below have been satisfied.

3.1.4.9. Developer shall have provided to HACOLA, in form satisfactory to HACOLA, certified copies of (i) Developer's governing partnership agreement, operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner or president that such agreement or articles or bylaws have not been amended or modified except as described in the certification, (ii) a good standing certificate from the California Secretary of State, certifying that Developer is duly qualified and in good standing in the State of California, and (iii) all other documents necessary to evidence to HACOLA's satisfaction that the individuals and entities executing this Agreement and the Transaction Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Developer, to the terms hereof and thereof.

3.1.4.10. Developer shall have obtained written architectural and site planning review approval by HACOLA in conformance with the requirements set forth in this Agreement (including, without limitation, Exhibit "J").

3.1.5. Developer's Conditions.

3.1.5.1. HACOLA shall have relocated all occupants of the Site, if any, and there shall be no person or entity with a right to occupy the Site.

3.1.5.2. The Developer shall have approved the physical, environmental and soils conditions of the Site, and all remediation work required to be completed prior to the Closing (if any) shall have been completed.

3.1.5.3. The Developer shall have obtained County approval of its final grading and building plans for the Project, and grading permits and building permits have been issued or shall be ready to be issued (upon payment of necessary fees, posting of required security, and similar items)

3.1.5.3 HACOLA shall have entered into an agreement with CFLT pursuant to which HACOLA agrees to loan to CFLT the Assisted Unit Loan, as set forth in Section 5.13 hereof.

3.2. Escrow Instructions. When, and only when, Escrow Holder has confirmed that the Closing Conditions set forth in Sections 3.1.1.1, 3.1.4.1, and 3.1.4.2 have been satisfied, and has received written certification from the Developer and from HACOLA that all other Closing Conditions set forth in Section 3.1 have been timely satisfied or waived, then Escrow Holder shall carry out the close of the Escrow ("**Close of Escrow**") by:

(i) causing the Land Acquisition Grant Deed and the first deed of trust evidencing the Senior Construction Financing to be recorded, in that order, in the Official Records of Los Angeles County, California; and

(ii) causing the Developer's Title Policy and the HACOLA Title Policy to be issued to the Developer and HACOLA, respectively, in the forms and the amounts specified in Section 3.1.1.

If the close of the Escrow does not occur prior to the time for such closing set forth in the Schedule of Performance, then, if the Escrow Holder has received written instructions signed by HACOLA to terminate the Escrow, the Escrow shall terminate, and Escrow Holder shall promptly return all documents to the Party depositing them.

4. PROJECT CONSTRUCTION

4.1. Scope of Development.

The Site shall be developed as a residential development comprised of Ninety Four (94) single family detached condominium units, of which forty-seven (47) units are three (3) bedrooms and two and one-half (2½) bathrooms and forty-seven (47) units are four (4) bedrooms and two and one-half (2½) bathrooms, ranging in size from approximately 1,400 square feet to 1,600 square feet (each, a "**Unit**"; collectively, "**Units**"), in a good and workmanlike manner, in accordance with the approved Plans and all applicable Governmental Restrictions, and containing all necessary parking areas, walkways, streets, driveways, landscaping, central and ancillary public areas, and other improvements associated with the Project, as depicted on the Plans approved by HACOLA in accordance with this Section 4 (collectively, the "**Project**"). The Developer shall incorporate energy-saving features into the Project.

4.2. Concept Drawings.

The Developer has submitted to HACOLA and HACOLA has approved certain basic concept drawings and related documents containing the overall plan for development of the Site (collectively, "**Basic Concept Drawings**"). The Site shall be developed as generally established in the Basic Concept Drawings, subject to any changes that are mutually agreed upon between the Developer and HACOLA.

4.3. Construction Plans, Drawings, and Related Documents.

In addition to the Basic Concept Drawings, the Developer will prepare and submit construction plans, drawings, specifications, including construction and equipment specifications, and related documents for the Project (sometimes collectively referred to as the “**Plans**”) to HACOLA for architectural and site planning review and written approval by HACOLA. The Plans are to be in conformance with the requirements set forth in this Agreement (including, without limitation, Exhibit “J”), consistent with the Basic Concept Drawings, and in conformance with the Los Angeles County Building Code, as amended from time to time, and other applicable Governmental Restrictions. The Plans shall achieve a minimum of 50 points (out of a possible 357 points) on the Green Points rating system, and all condominium units shall be certified as Energy Star Homes, pursuant to the U.S. Environmental Protection Agency’s Star partnership program. The Plans are to be submitted in two stages: preliminary and final working drawings and specifications. Final working drawings and specifications are hereby defined as those in sufficient detail to obtain a building permit.

The Plans include preliminary and final finish grading and landscaping plans, and public improvement and street plans and specifications for the Site. All Plans shall be prepared and submitted within the times established in the Schedule of Performance, subject to extensions as are authorized herein or as mutually agreed to by the Parties.

During the preparation of all Plans, HACOLA staff and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of the Plans by HACOLA. HACOLA and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of the Plans to HACOLA can receive prompt and speedy consideration.

4.4. HACOLA Approval of Plans.

Subject to the terms of this Agreement, HACOLA shall have the right of architectural and site planning review of all Plans, including any changes thereto. Notwithstanding such review by HACOLA, the Developer shall also obtain any architectural and site planning review required by any agency, department, board, or commission of County of Los Angeles (“**County**”) having jurisdiction over the Project within the times required for such review by such agency, department, board or commission. The Developer shall also submit any Plans and other submissions required for development permits or building permits to be issued by the City or County or other public agencies.

HACOLA shall approve or disapprove in writing the Plans referred to in Section 4.3 of this Agreement within the times established in the Schedule of Performance. Any disapproval by HACOLA shall state in writing (the “**Notice of Disapproval**”) the reasons for disapproval and the changes which HACOLA requests be made. Such reasons and such changes must be consistent with this Agreement and any items previously approved hereunder by HACOLA. The Developer, upon receipt of a Notice of Disapproval, shall revise the Plans and resubmit them to HACOLA within thirty (30) days after receipt of the Notice of Disapproval, and the deadline set forth in the Schedule of Performance by which Developer is required to secure approval of such disapproved Plans shall be adjusted accordingly. Any resubmission(s) shall be approved or disapproved and revised within the times set forth herein with respect to the initial submission of such Plans. Notwithstanding the above time periods, if HACOLA is required by law or deems it appropriate or necessary to hold a public meeting of HACOLA, or any agency thereof, before the action specified is to be taken, the

period for such action by HACOLA shall be extended by a reasonable amount of time, in each case, for the holding of such public meeting.

The Developer agrees to use best efforts to follow the Plans without any changes. If, during the course of construction, despite the Developer's use of best efforts to follow the Plans, changes to the Plans are necessary, Developer shall not be required to seek HACOLA approval of such changes, provided that (i) if such changes substitute any materials or equipment specification expressly set forth in the Plans, the substituted materials or equipment shall be of equal or better quality than those contained in the Plans, (ii) any such changes shall conform to the Basic Concept Drawings, and (iii) any such changes shall not extend the date for any item on the Schedule of Performance by more than thirty (30) days.

The Developer understands that any administrative approval by HACOLA staff or any approval by the governing board of HACOLA of any Plans or other submissions by the Developer shall not be construed to constitute an approval by County and County shall retain full and absolute discretion respecting the granting or withholding of County approvals required under this Agreement or by applicable Governmental Restrictions in connection with the construction of the Project and the use of the Site.

HACOLA neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the development or construction of the Project, whether with respect to the quality, adequacy or suitability or the Construction Contract, plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same, including without limitation, the General Contractor, or otherwise. Developer and all third parties shall rely upon its or their own judgment with respect to such matter, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by HACOLA in connection with such matter is for the public purpose of carrying out redevelopment, including the provision of affordable housing for Low Income Households, in accordance with this Agreement, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon.

4.5. Cost of Construction.

The cost of developing the Site and constructing the Project thereon shall be borne solely by the Developer, including all related public improvements as may be required by the County. HACOLA and the Developer shall otherwise each pay their own costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

4.6. Construction Schedule.

Developer shall promptly begin the construction of the Project and the development of the Site at the time set forth in the Schedule of Performance and shall thereafter diligently prosecute the same to completion. Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and HACOLA.

During the period of construction, but not more frequently than once a month, the Developer shall submit to HACOLA a written progress report of the construction of the Project, when and as requested in writing by HACOLA. The report shall be in such form and detail as may reasonably be requested by HACOLA and shall include a reasonable number of construction photographs taken since the date of the last report submitted by the Developer to HACOLA.

4.7. Indemnification and Insurance.

From and after the execution of this Agreement, the Developer hereby agrees to indemnify and hold harmless HACOLA, CDC and the County and each of their respective officials, officers, attorneys, employees, agents and commissioners (collectively, “**HACOLA/CDC/County Representatives**”), and each of them, from and against all Losses and Liabilities related directly or indirectly to, or arising out of or in connection with (i) any breach or default by the Developer hereunder, (ii) any of the Developer's activities on the Site (or the activities of Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors or independent contractors on the Site), including, without limitation, the construction of the Project on the Site and the use or condition of the Project, or (iii) any other fact, circumstance or event related to the Developer's performance hereunder, except to the extent any of such Losses and Liabilities is caused by the negligence or willful misconduct of any of the HACOLA, CDC, County or HACOLA/CDC/County Representatives, or HACOLA's breach of any of its obligations under this Agreement.

Without limiting the Developer's indemnification of HACOLA, CDC and the County as set forth above, upon the close of Escrow, the Developer shall provide and maintain at its sole cost and expense for the periods stated below:

(i) Comprehensive general and automobile liability insurance, including contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence and Two Million Dollars (\$2,000,000) general aggregate. HACOLA, CDC and the County and the HACOLA/CDC/County Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Developer with respect to the Project. Such insurance shall be primary insurance with respect to HACOLA, CDC and the County and shall contain cross liability protection. Such insurance shall be maintained continuously for as long as the Developer shall own the Site or any portion thereof, and shall be endorsed to require thirty (30) days prior written notice from insurer to HACOLA before cancellation or change in coverage. The Developer shall require its contractor and subcontractors to include HACOLA, CDC and the County and the HACOLA/CDC/County Representatives as additional insureds on all general liability insurance covering work at the Site.

(ii) “All Risk” property insurance, including builder's risk protection during the course of construction, covering the full replacement value of the Project. Such insurance shall include debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. Such insurance shall be maintained as long as Developer shall own the Project or any portion thereof.

(iii) Worker's Compensation insurance as required by the Labor Code of the State

of California.

Prior to commencing construction on the Site, the Developer shall deliver to HACOLA certificates of insurance with original endorsements evidencing the coverage required by this Section 4.7 provided by insurers admitted in California and having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. HACOLA reserves the right to require complete certified copies of all policies at any time.

The above insurance may provide for such deductibles or self-insured retention as may be acceptable to HACOLA. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect HACOLA, CDC and the County and the HACOLA/CDC/County Representatives in the same manner as these interests would have been protected had full commercial insurance been in effect. If required by HACOLA from time to time, the Developer shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

Failure on the part of the Developer to procure or maintain any required insurance shall constitute a material breach of this Agreement under which HACOLA may immediately terminate this Agreement. At its discretion, HACOLA may procure or renew such insurance and pay any and all premiums in connection therewith, and all monies so paid by HACOLA shall be repaid by the Developer to HACOLA upon demand with interest at the Default Rate.

4.8. County and Other Governmental Agency Permits; Environmental Special Conditions.

Before commencement of construction or development of any buildings, structures, or other work of improvement upon the Site, the Developer shall, at its own expense, determine and secure or cause to be secured any and all permits which may be required by the County or any other governmental agency affected by or with jurisdiction over such construction, development, or work on the Site. HACOLA may, but shall have no obligation to, provide any assistance deemed appropriate by HACOLA, to assist Developer in obtaining such permits. HACOLA shall reimburse the Developer in the amount of Three Hundred Fifty Thousand Dollars (\$350,000) for amounts paid by the Developer for governmental fees charged to the Project, which may include, without limitation, school fees, park fees, plan check fees, permit fees, and other fees and charges payable to governmental agencies in connection with the development of the Project. The specific fees payable with such funds shall be as determined by the Developer and approved by HACOLA as meeting the requirements of this paragraph. Such payment shall be made within thirty (30) days after Developer's submission to HACOLA of a written request for reimbursement of such fees, together with a copy of documentation showing the amount and purpose of each fee and demonstrating that each fee has been paid by Developer. The Developer shall obtain all building permits for the Project no later than the date set forth in the Schedule of Performance.

Developer comply with and shall furnish HACOLA, if applicable, and obtain HACOLA's approval of the compliance with the environmental mitigation measures specified in the **"Environmental Special Conditions"** referenced in "Exhibit O" attached hereto. Developer hereby acknowledges that HACOLA's review and approval of such compliance with environmental mitigation measures under this Agreement is solely for the benefit of HACOLA and should not be

relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of such matter.

4.9. Rights of Access

For the purposes of assuring compliance with this Agreement (including this Section 4), the HACOLA/CDC/County Representatives shall have the reasonable right of access to the Site in accordance with Section 12 of this Agreement without charges or fees and during normal business hours, upon reasonable advance notice to Developer. The HACOLA/CDC/County Representatives accessing the Site shall comply with all safety rules and other regulations applicable to the Site adopted by the Developer and the General Contractor.

4.10. Anti-Discrimination During Construction

The Developer covenants for itself and its successors and assigns that with respect to the construction of the Project, the Developer and its contractors and suppliers will abide by the anti-discrimination provisions set forth in Section 6 of this Agreement.

4.11. Taxes, Assessments, Encumbrances, and Liens

After the conveyance of the Site to the Developer in accordance with this Agreement, and until the Developer's conveyance of the Improvements, the Developer shall pay, when due, all real estate taxes and assessments assessed and levied on the Site. Prior to the issuance of a Certificate of Completion (as hereinafter defined), the Developer shall not place or allow to be placed on the Site any mortgage, trust deed, encumbrance, lien, levy, attachment or other voluntary or involuntary encumbrance that is not authorized by this Agreement (each, an "**Unpermitted Lien**"). The Developer shall remove or cause to be removed any Unpermitted Lien created or attached to the Site (or any portion thereof), or shall assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to the Developer in respect thereto. Developer shall promptly notify HACOLA of any Unpermitted Lien that is created or attached to the Site prior to issuance of a Certificate of Completion for the construction of the Project on the Site.

4.12. Security Financing; Rights of Holders.

4.12.1. Permitted Construction Loan.

Notwithstanding Sections 4.11 and 27 of this Agreement, the Senior Construction Financing which satisfies the requirements of and is approved by HACOLA in accordance with Section 3.1.3.1, may encumber the Site, or a portion thereof.

4.12.2. Senior Construction Financing Proceeds Applied to Construction of Project Only.

This Agreement shall not be deemed or construed to permit or authorize any Senior Construction Lender to devote the Site to any uses, or construct any improvements thereon, other than those uses provided for and authorized by this Agreement.

4.12.3. Notice of Default to Mortgage, Deed of Trust, or Other Security Interest Holders; Right to Cure.

Whenever HACOLA shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in completion of construction of the Project, HACOLA shall at the same time deliver a copy of such notice or demand to the Senior Construction Lender authorized by this Agreement, if the Senior Construction Lender has previously made a written request to HACOLA therefor. The Senior Construction Lender shall (insofar as the rights of HACOLA are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. If such cure involves the continuation or completion of construction of the Project, the Senior Construction Lender shall have the option to assign its right to cure to a qualified builder, approved by HACOLA in its reasonable discretion. Such builder shall be required to expressly assume the Developer's obligations to HACOLA hereunder by written agreement satisfactory to HACOLA and must agree to complete the Project, in the manner provided in this Agreement. In the event there is a construction lender (approved by HACOLA) in addition to the Senior Construction Lender (the Senior Construction Lender and any other construction lender each hereinafter sometimes referred to as a "**Construction Lender**"), the right to cure or remedy a breach or default of the Developer under this Section 4.12.3 may be exercised by the Senior Construction Lender or as the Construction Lenders may otherwise agree among themselves (provided in such case that a copy of the intercreditor agreement evidencing such agreement be provided by the Construction Lenders to HACOLA), but there shall be only one exercise of such right to cure and remedy a breach or default of the Developer under this Section 4.12.3. Nothing contained in this Agreement shall be deemed to permit or authorize a Construction Lender to undertake or continue the construction or completion of the Project (beyond the extent necessary to conserve or protect the construction already completed) without first having expressly assumed the Developer's obligations to HACOLA hereunder by written agreement satisfactory to HACOLA. A Construction Lender in that event must agree to complete, in the manner provided in this Agreement, the Project. A Construction Lender properly completing such improvements shall be entitled, upon written request made to HACOLA, to a Certificate of Completion from HACOLA.

4.12.4. Failure of Holder to Complete Improvements.

The Developer shall ensure that the following provision is incorporated into the documents evidencing any construction loan applicable to the Site:

If a Construction Lender has not timely exercised its right to complete construction of the Project in accordance with Section 4.12.3, or if a Construction Lender has exercised its right to complete the construction of the Project but has not proceeded diligently with construction at all times thereafter, HACOLA may, but is not obligated to, purchase the construction loan by payment to the Construction Lender of the amount set forth in the Subordination Agreement and Assignment of Development Agreement (or other agreement) entered into pursuant to Section 3.1.3 hereof. If the ownership of the Site has vested in the Construction Lender, HACOLA, if it so desires, shall be entitled to a conveyance of the Site from the Construction Lender to HACOLA upon payment to the holder of an amount set forth in the Subordination Agreement and Assignment of Development

Agreement (or other agreement) entered into pursuant to Section 3.1.3 hereof.

4.13. Right of HACOLA to Cure Mortgage, Deed of Trust, or Other Security Interest Default

The Developer shall ensure that the documents evidencing any construction loan applicable to the Site, including without limitation the Senior Construction Financing, provide that in the event of a default or breach by the Developer under such construction loan prior to the completion of the Project, where the holder thereof has not exercised its option to complete the Project, HACOLA shall be given notice of the default concurrently with Developer and may elect, in its sole and absolute discretion and with no obligation to do so, to cure the default prior to completion of any foreclosure. In such event, HACOLA shall be entitled to reimbursement from the Developer of all costs and expenses incurred by HACOLA in curing the default. HACOLA shall also be entitled to a lien upon the Site with power of sale to the extent of such costs and disbursements. Any such lien shall be subject only to the Senior Construction Financing.

4.14. Completion of Project; Certificate of Completion

“**Completion of the Project**” shall be deemed to have occurred when HACOLA has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to HACOLA’s review and approval:

- 4.14.1. A signed certificate from the General Contractor, in a form reasonably acceptable to HACOLA, certifying to HACOLA that construction was completed substantially in accordance with the requirements of the approved Plans and this Agreement, and all other related improvements required to be completed by the Developer under this Agreement have been completed;
- 4.14.2. A certificate of occupancy (the “**Certificate of Occupancy**”) and any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, have been issued by the proper governmental agencies;
- 4.14.3. Certificates of insurance issued by Developer’s insurance agent evidencing compliance with all insurance requirements set forth in this Agreement;
- 4.14.4. Unconditional Waivers and Releases upon Final Payment, in statutory form, executed by all persons or entities furnishing services or supplies in connection with the Project and showing no outstanding sums due or in dispute;
- 4.14.5. Any mechanics liens which have been recorded have been released or statutory release bonds with respect to such mechanics liens issued by sureties satisfactory to HACOLA have been obtained and recorded;
- 4.14.6. A valid notice of completion for the Project pursuant to California Civil Code Section 3093 has been filed at least thirty five (35) days prior to the making of the

final payments to the General Contractor and all subcontractors and suppliers furnishing services or supplies in connection with the Project; No default exists under the Senior Construction Financing, this Agreement or any other construction financing for the Project.

- 4.14.7. Developer has established a homeowners association, which may provide for employees and associated of Developer to initially be members of the board of directors, and be replaced by Project homeowners as the Project is fully constructed and sold. Developer shall submit evidence of the establishment of a reserve account for the homeowners association in an amount approved by the California Department of Real Estate (“**D.R.E.**”).

Upon Completion of the Project and Developer’s written request, HACOLA shall furnish the Developer with a certificate of completion duly executed by HACOLA (the “**Certificate of Completion**”), unless HACOLA reasonably determines that Completion of the Project has not occurred. HACOLA shall not unreasonably withhold the Certificate of Completion. If HACOLA refuses or fails to furnish a Certificate of Completion for the Site after written request from the Developer, HACOLA shall, within thirty (30) days of such written request, provide the Developer with a written statement of the reasons HACOLA refused or failed to furnish the Certificate of Completion. The statement shall also contain HACOLA’s opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is limited to the immediate unavailability of specific items or materials for landscaping, HACOLA will issue the Certificate of Completion upon the posting of a bond by the Developer with HACOLA in an amount representing a fair value of the work not yet completed.

The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County, and shall be, and shall state that it is, a conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof with respect to such construction; provided, that, if a bond has been posted to insure completion of any items, the Certificate of Completion shall not limit HACOLA’s right to require such completion or to proceed against such bond. After issuance of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site (other than Developer) shall not (because of such ownership, purchase, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants or other instruments encumbering such interest in the Site.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder or any insurer of a mortgage securing a construction loan. The Certificate of Completion is not a notice of completion as referred to in California Civil Code Section 3093.

5. SALE OF ASSISTED UNITS

5.1. Restriction to Qualified Buyers.

Notwithstanding anything to the contrary in this Agreement, Developer hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Developer, that, until all of the Assisted Units have been sold to Qualified Buyers pursuant to the terms of this Agreement (such period referred to herein as the “**Term**”), Developer and such successors and assigns shall use the Site solely for the purpose of developing the Project as a residential development with the number of total Units and the number of the Assisted Units specified in the Transaction Summary above and selling the Assisted Units to Qualified Buyers.

The Assisted Units shall include (i) nineteen Units to be sold to 80% AMI Household Qualified Buyers (9 three-bedroom Units, and 10 four-bedroom Units which shall also satisfy the density bonus requirements for the Project), and (ii) nineteen Units to be sold to 120% AMI Household Qualified Buyers (10 three-bedroom Units and 9 four-bedroom Units).

All Assisted Units shall be sold in accordance with the escrow procedures set forth in Section 5.5 below. Assisted Units shall be dispersed throughout the Site, and shall be no less attractive or desirable on average (whether because of tenure type, square footage, convenient access, views, amenities, or other reasons) than the other Units in the Project which are not Assisted Units (the “**Non-Assisted Units**”). The locations and unit types of the Assisted Units are described in the Project Description attached hereto.

“**Area Median Income**” shall mean the median income for Los Angeles County, adjusted for household size, and as defined and periodically adjusted by regulation of the California Department of Housing and Community Development pursuant to Section 6932 of the California Code of Regulations, or any successor entity designated under state law as responsible for establishing such Area Median Income.

“**80% AMI Households**” shall mean households earning eighty percent (80%) or below of Area Median Income, applicable to the buyer’s household size.

“**120% AMI Households**” shall mean households earning one hundred twenty percent (120%) or below of Area Median Income, applicable to the buyer’s household size.

“**Qualified Buyer**” shall mean a person or persons from an 80% AMI Household or 120% AMI Household who have been approved by HACOLA pursuant to Section 5.4 below.

5.2. Community Foundation Land Trust.

Developer shall enter into the “**Memorandum of Understanding**” with CFLT, substantially in the form attached hereto as Exhibit I, with such modifications as may be mutually acceptable to the parties thereto. Pursuant to the Memorandum of Understanding, the Developer and CFLT will enter into a definitive agreement (the “**Land Trust Agreement**”) which provides as follows: (i) Developer will convey to CFLT the Assisted Units, (ii) CFLT will ground lease the underlying real property interests and sell the house to each Low Income Household and Median Income Household purchaser as provided herein, and (iii) CFLT will retain ownership of the underlying property interests and will monitor the affordable housing requirements with respect to the Assisted Units. Developer shall fully satisfy its obligations under this Section 5 by constructing and

conveying all of the Assisted Units to CFLT pursuant to the terms of the Memorandum of Understanding and the Land Trust Agreement. Upon such conveyance CFLT shall be solely responsible for compliance with the requirements hereunder and Developer shall be released from any further obligations under this Section 5. CFLT and HACOLA also anticipate entering into one or more separate agreements with one another; provided that the Developer shall not be responsible for the performance of any obligations pursuant to such agreements, and no obligation of either party under this Agreement shall be contingent upon the performance of any obligation under such agreement between CFLT and HACOLA. In the event that the Developer and CFLT do not enter into the Land Trust Agreement prior to the completion of the Assisted Units, or the parties enter into the Land Trust Agreement but CFLT does not purchase one or more of the Assisted Units pursuant to the terms of the Land Trust Agreement, the Developer shall carry out all of CFLT's requirements under this Section 5, except that Developer shall sell fee title to the Assisted Units to Qualified Buyers instead of ground leasing the underlying real property interests and selling the house to such purchasers. Developer shall be entitled to the Assisted Unit Loan pursuant to Section 5.13 hereof for each Assisted Unit sold directly from Developer to the Qualified Buyer.

5.3. Marketing of Assisted Units.

Not later than ninety days after Developer has closed its construction loan for the Project, CFLT shall obtain HACOLA's written approval of CFLT's procedures for (1) marketing Assisted Units to prospective purchasers who meet the requirements set forth in Section 5.1 above, including an Affirmative Marketing Plan, (2) selecting among prospective purchasers if there are more prospective purchasers than Assisted Units available for purchase, (3) documenting the income qualifications and creditworthiness of selected Qualified Buyers, and (4) documenting each sale to Qualified Buyers (the foregoing are referred to herein as the "**Approved Procedures**").

5.4. CC&Rs.

Initial Sales and Resales are to be governed by an "**Affordability Regulatory Agreement**" to be developed by HACOLA.

5.5. Assisted Unit Escrows.

CFLT shall cause the agreement for the sale of each Assisted Unit to a Qualified Buyer to be evidenced by a written purchase agreement and ground lease (each an "**Assisted Unit Buyer Agreement**"), in a form approved by HACOLA, and fully executed by CFLT and the proposed purchaser (the "**Proposed Purchaser**"). The Assisted Unit Buyer Agreement shall provide that the obligation of CFLT to convey title to the Unit and ground lease the underlying real property interests thereunder to the Proposed Purchaser shall be conditioned upon satisfaction of the requirements of this Section 5.4 and Section 5.5 below. Within seven (7) days after the execution of an Assisted Unit Buyer Agreement for an Assisted Unit, an escrow (each an "**Assisted Unit Escrow**") shall be opened with Escrow Holder. The parties desire that CFLT's conveyance of an Assisted Unit to a Qualified Buyer occur simultaneously with CFLT's acquisition of an Assisted Unit from the Developer, but the parties understand that circumstances may arise which prevent such closings from occurring simultaneously.

5.6. Conditions to Closing of Assisted Unit Escrows. The closing of an Assisted Unit

Escrow shall be expressly subject to satisfaction or waiver by HACOLA of all of the following conditions (collectively, the “**Assisted Unit Closing Conditions**”):

- 5.6.1.1. CFLT shall have certified that the Proposed Purchaser has been approved as a Qualified Buyer pursuant to the Approved Procedures;
- 5.6.1.2. The Qualified Buyer has deposited into the Assisted Unit Escrow the Affordability Regulatory Agreement;
- 5.6.1.3. CFLT has deposited into the Assisted Unit Escrow the Assisted Unit Grant Deed for the improvement, the long-term ground lease, and such other documents as may be reasonably requested by the Escrow Holder or by the Title Company;
- 5.6.1.4. The Qualified Buyer and/or the Permanent Lender has deposited cash in the amount of the Affordable Buyer Contribution into the Assisted Unit Escrow;
- 5.6.1.5. The Qualified Buyer (or the Project owner’s association) has obtained an all-risk insurance policy insuring the Assisted Unit in an amount equal to the full replacement value of the Assisted Unit and in a form and with an insurance company approved by CFLT. Such policy shall name HACOLA as a loss payee and shall contain a statement of obligation on behalf of the carrier to notify HACOLA of any material change, cancellation or termination of coverage at least thirty (30) days in advance of such material change, cancellation or termination;
- 5.6.1.6. The County shall have issued a Certificate of Occupancy for the Assisted Unit;
- 5.6.1.7. All of the Closing Conditions set forth in Section 3.1 above are otherwise satisfied, as certified to the Escrow Holder by HACOLA; and

5.7. Assisted Unit Escrow Instructions. When, and only when, Escrow Holder has confirmed that the Assisted Unit Closing Conditions set forth in Sections 5.6.1.2, 5.6.1.3, 5.6.1.4, 5.6.1.6, and 5.6.1.9 have been satisfied, and has received written certification from CFLT that all Assisted Unit Closing Conditions have been timely satisfied or waived, then Escrow Holder shall carry out the close of the Assisted Unit Escrow (“**Assisted Unit Close of Escrow**”) by causing the Partial Reconveyance of the deed of trust evidencing the Permanent Loan, and the recordation of the Grant Deed for the improvements and the CFLT ground lease, in the Official Records of Los Angeles County, California.

5.8. Prices for Sale of Assisted Units from Developer to CFLT. The sales prices payable by CFLT to Developer for each of the three bedroom Assisted Units shall be \$174,271, and the sales prices payable by CFLT to Developer for each of the four bedroom Assisted Units shall be \$210,467 (the “**Sales Prices**”). The Sales Price for each Assisted Unit shall be payable by (i) the payment of the proceeds of the Assisted Unit Loan for the Unit in the amounts set forth in Section 5.13 hereof, and (ii) the remainder of the purchase price in cash paid into the escrow. CFLT shall pay the

Developer the Sales Price for each Assisted Unit within twenty (20) days after the County's issuance of a Certificate of Occupancy for such Assisted Unit.

5.9. Affordable Housing Prices for Sale of Assisted Units to Qualified Buyers. Each of the Assisted Units shall be sold by CFLT to Qualified Buyers at prices (the **"Affordable Housing Price"**) which have been determined at a level which ensures that monthly housing costs for each purchaser do not exceed an Affordable Housing Cost. In no event, however, shall the Affordable Housing Prices for the Assisted Units exceed the fair market value of the Assisted Units, as determined by the appraisal conducted in connection with the construction financing. The appraisal shall determine the fair market value of the Assisted Unit only, and not the underlying land interest which will be ground leased by CFLT to the purchaser. The Affordable Housing Price shall be payable through the Qualified Buyer's payment of a down payment in the amount of up to approximately three percent (3%) of the Affordable Housing Price, and a first mortgage Permanent Loan. The portion of the Affordable Housing Price estimated to be paid by the Qualified Buyers is set forth in Exhibit N.

"Affordable Housing Cost" means (a) for the 3 bedroom Assisted Units to be sold to 80% AMI Households, a monthly housing cost for an Assisted Unit which does not exceed the product of thirty percent (30%) times seventy percent (70%) of Los Angeles County Area Median Income for a family of four, (b) for the 3 bedroom Assisted Units to be sold to 120% AMI Households, a monthly housing cost for an Assisted Unit which is not less than twenty-eight percent (28%) of the gross income of the purchaser and does not exceed the product of thirty-five percent (35%) times one hundred ten percent (110%) of Los Angeles County Area Median Income for a family of four, (c) for the 4 bedroom Assisted Units to be sold to 80% AMI Households, a monthly housing cost for an Assisted Unit which does not exceed the product of thirty-five percent (35%) times eighty percent (80%) of Los Angeles County Area Median Income for a family of five, and (d) for the 4 bedroom Assisted Units to be sold to 120% AMI Households, a monthly housing cost for an Assisted Unit which is not less than twenty-eight percent (28%) of the gross income of the purchaser and does not exceed the product of thirty-five percent (35%) times one hundred ten percent (110%) of Los Angeles County Area Median Income for a family of five. HACOLA and CFLT shall mutually agree upon the Affordable Housing Prices of the Assisted Units prior to CFLT entering into any agreements with Qualified Buyers for the sale of the Assisted Units. An example of the calculation of Affordable Housing Price for the Assisted Units is attached hereto as Exhibit "N" and incorporated herein.

5.10. Related Sales and Fees Prohibited. CFLT shall not knowingly sell any Assisted Unit to a spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, nephew, niece, or first cousin of any principal, officer, member, director, partner, owner, employee or agent of Developer or CFLT or any person holding a beneficial interest in Developer or CFLT. CFLT shall not accept any payment of money or other consideration of any kind (other than the purchase price and other customary payments made in connection with the purchase) in return for or in an attempt to recapture all or any portion of the purchase price subsidy contemplated by this Agreement.

5.11. Maintenance of Project Pending Final Sale. Beginning upon the Completion of the Project and continuing for so long as Developer owns any of the Units, Developer shall, as to any Units and other portions of the Project that it owns, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving

condition) in accordance with the approved Plans for the Project and all Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents. CFLT shall, as to any of the Units that it owns, maintain the Units in first class order, condition and repair. Upon the establishment of the homeowner's association for the Site, the homeowner's association shall be responsible for all exterior maintenance and landscaping in accordance with its governing documents, and the owners of the Units shall be responsible only for the portions of the Units which are not the responsibility of the homeowner's association.

5.12. First Mortgage Loans. CFLT shall work with one or more conventional lenders approved by HACOLA for the transaction contemplated by this Agreement (each a **"Participating Lender"** and collectively, the **"Participating Lenders"**) to ensure that a fixed rate permanent mortgage loan is made available to each Qualified Buyer at the lowest commercially available interest rate and on the most favorable terms. No temporary buy-down of the interest rate on such permanent mortgage loans shall be permitted.

Prior to the deadline specified therefore on the Schedule of Performance, CFLT agrees to deliver to HACOLA, for HACOLA's approval, one or more written commitments (each a **"Permanent Financing Interest Letter"** and collectively, the **"Permanent Financing Interest Letters"**), subject to such standard and reasonable conditions as are customarily imposed on such commitments by institutional lenders, from one or more Qualified Financial Institutions (each a **"Permanent Lender"** and collectively, the **"Permanent Lenders"**), by which such Permanent Lenders agree to make first trust deed loans to Qualified Buyers of Assisted Units in the Project to be secured by the Qualified Buyers' fee interests in their respective Assisted Units (each a **"Permanent Loan"** and collectively the **"Permanent Loans"**). Each Permanent Loan shall be consistent with this Agreement, but otherwise may be subject to the Permanent Lender's usual and customary terms and conditions. CFLT shall take all actions, and to pay all sums required to keep the Permanent Financing Interest Letters in full force and effect and shall comply with all conditions thereof and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements and loan documents in connection therewith.

The approval or disapproval of any Permanent Lender shall not constitute a waiver of any breach or violation of this Agreement by CFLT that is a result of acts that are or purport to be in compliance with or in furtherance of the Permanent Loans.

5.13. Assisted Unit Loan. Upon the Developer's closing of the Senior Construction Loan for the Project, and provided that CFLT and HACOLA have executed a mutually satisfactory Assisted Fund Management and Assisted Unit Loan agreement as provided below, HACOLA shall loan CFLT a total of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000) (the **"Assisted Unit Loans"**). The allocation of Assisted Unit Loans to purchasers of Assisted Units shall be within the reasonable discretion of CFLT. The proceeds of the Assisted Unit Loan shall be used to pay for a portion of the Sales Prices of the Assisted Units conveyed by Developer to CFLT. HACOLA shall enter into a loan agreement with CFLT which sets forth the terms and conditions of the Assisted Unit Loan. CFLT shall not be obligated to repay the Assisted Unit Loan to HACOLA provided that CFLT remains in compliance with the requirements of Section 5 of this Agreement. In the event that CFLT does not purchase any or all of the completed Assisted Units, the Assisted Unit Loan shall be made to the Qualified Buyer with the proceeds payable directly to the Developer for a portion of the

Assisted Unit Purchase Price, and the Qualified Buyer shall execute such loan documents as are provided by HACOLA to evidence the Qualified Buyer's obligation to repay such loan.

6. DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

Developer herein covenants by and for itself, its successors and assigns, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph. The non-discrimination and non-segregation covenants set forth herein shall remain in effect in perpetuity.

6.1. Form of Non-discrimination and Non-segregation Clauses.

Developer shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following non-discrimination or non-segregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

"Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the

immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

(c) In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

7. DEVELOPER'S CONSTRUCTION AND OTHER COVENANTS

7.1. Indemnification

From and after the date hereof, Developer agrees to and does hereby indemnify, defend and save harmless HACOLA, CDC and the County and the HACOLA/CDC/County Representatives from and against any and all suits, claims, demands, costs, expenses, damages, awards, liens, judgments, attorney's fees or other losses and liabilities (collectively, "**Losses and Liabilities**"), which Losses and Liabilities arise directly or indirectly from or in connection with Developer's activities on the Site or in connection with the Project, including, but not limited to Losses and Liabilities respecting bodily injury, death, property damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Developer by any person pursuant to this Agreement, and which Losses and Liabilities (i) are based on events which occur or are claimed to have occurred during Developer's inspection or ownership of the Site or ownership of the Project, (ii) result directly or indirectly from Developer's inspection or ownership or sale of the Site or any portion thereof or ownership or sale of the Project or any portion thereof, or (iii) result directly or indirectly from Developer's performance of its obligations under this Agreement. The foregoing obligation to indemnify, defend and hold harmless shall not apply to any Losses and Liabilities to the extent caused by the negligence, willful misconduct, or breach of the obligations under this Agreement by HACOLA, CDC, the County, and/or the HACOLA/CDC/County Representatives. This covenant shall survive the termination of this Agreement and the sale of all of the Units in the Project.

7.2. Audit by State and Federal Agencies

Developer agrees that in the event this Agreement or the Land Acquisition Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, it shall be responsible for complying with such inspections and paying, on behalf of itself and HACOLA, the full amount of the liability to the funding agency resulting from such inspections.

7.3. Program Evaluation and Review

Developer shall allow HACOLA authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Developer's staff and program participants, as reasonably required by HACOLA until the termination of this Agreement.

7.4. Hazardous Materials.

The Developer covenants that it shall use and maintain the Site in compliance with all Governmental Restrictions applicable to Hazardous Materials, as hereinafter defined, including specifically but without limitation all recommendations required by the "Phase I" and "Phase II" environmental assessments (provided by HACOLA to Developer without warranty or representation). Developer further represents, warrants and covenants that it has not and shall not deposit or permit the deposit of Hazardous Materials in, on, under or upon the Site or the Project. Developer further covenants and agrees to remove or remediate, at its expense (subject to any

reimbursement it may be able to obtain from third parties) any Hazardous Materials which are deposited in, on, under or upon the Site or the Project from and after the date of the Close of Escrow and during Developer's inspection or ownership of the Site or ownership of the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable Governmental Restrictions. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Site or the Project so long as they are materials which are customary and common to the normal course of business in the construction of well-designed housing and so long as such materials are used, stored and disposed of in accordance with all applicable Governmental Restrictions. Developer agrees to indemnify, defend and hold HACOLA, CDC and County and HACOLA/CDC/County Representatives harmless from and against any Losses and Liabilities arising directly or indirectly out of the presence of Hazardous Materials in, on, under or upon the Site or the Project, which are deposited (or claimed to have been deposited) in, on, under or upon the Site or the Project from and after the date of the Close of Escrow and during Developer's ownership or inspection of the Site or ownership of the Project, including without limitation any Losses and Liabilities arising out of any deposits of Hazardous Materials as described hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Developer hereby releases, waives and discharges HACOLA, CDC and County and HACOLA/CDC/County Representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all Losses and Liabilities arising out of or in any way connected with Developer's ownership of the Site or Project, or any condition of environmental contamination in, on, under, upon or around the Site which is deposited (or claimed to have been deposited) in, on, under or upon the Site or the Project from and after the date of the Close of Escrow hereof and during Developer's ownership or inspection of the Site or ownership of the Project, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site which has been deposited (or claimed to have been deposited) in, on, under or upon the Site or the Project from and after the date of the Close of Escrow hereof and during Developer's ownership or inspection of the Site or ownership of the Project, and in connection with such release and waiver Developer acknowledges that it is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Developer's Initials

For purposes of this Agreement, the term "**Hazardous Materials**" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and

Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

7.5. Construction Loan Defaults

Developer shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the Senior Construction Financing. Developer shall provide to HACOLA a copy of any notice of default within three (3) business days after receiving any notice of a default or alleged default of such covenants by Developer, and Developer shall promptly cure any such default and cooperate in permitting HACOLA, to the extent HACOLA in its sole discretion elects to do so, to cure or assist in curing the default (as is otherwise described in Section 4.13 above). Any cost or expenditure incurred by HACOLA in providing or assisting in such a cure shall be deemed to be a loan from HACOLA to the Developer, which shall be repaid within thirty days of written demand therefor. Developer agrees to execute a promissory note and execute and record a deed of trust to secure such debt, concurrently with HACOLA's payment of such amounts to the Lender.

8. INDEPENDENT CONTRACTOR

In their performance of this Agreement, both Parties will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one Party shall not be deemed or construed to be the agents or employees of the other Party for any purpose whatsoever, including workers' compensation liability. Developer shall bear the sole responsibility and liability for furnishing or causing the General Contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Developer pursuant to this Agreement.

9. ASSIGNMENT OF THIS AGREEMENT

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of HACOLA, which consent may be withheld by HACOLA in its discretion. Notwithstanding anything herein to the contrary, no purported assignment of this Agreement shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Restrictions. HACOLA's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by HACOLA including, without limitation, any and all documents deemed necessary by HACOLA to provide for said assignee's assumption of all of the obligations of Developer hereunder and all other documents executed in connection therewith, and (ii) HACOLA's approval of the financial and creditworthiness of such proposed assignee and the assignee's ability to perform all of Developer's obligations under this Agreement and all documents executed in connection herewith. This restriction on assignment shall not be applicable to the Developer's assignment to CFLT of its obligations under Section 5 hereof. In the event that CFLT does not execute the Land Trust Agreement, or the Land Trust Agreement or Memorandum of Understanding is terminated, the Developer shall enter into a new Memorandum of Understanding and/or Land Trust Agreement with an entity which is reasonably acceptable to HACOLA, which entity shall perform all of the obligations of CFLT as set forth herein.

Any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of HACOLA as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Developer's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project (other than the Developer's conveyance to CFLT of the Assisted Units), occurring without the written consent of HACOLA, HACOLA may, at its option, by written notice to Developer, declare Developer in default under this Agreement.

10. EVENTS OF DEFAULT AND REMEDIES

10.1. Developer Events of Default

The occurrence of any of the following shall, after the giving of any notice described therein, (to the extent required) constitute an event of default by Developer hereunder ("**Event of Default**"):

(a) The failure of Developer to perform any covenant or obligation hereunder, without curing such failure within thirty (30) days after receipt of written notice of such default from HACOLA (or from any party authorized by HACOLA to deliver such notice as identified by HACOLA in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subsection (a) or in subsections (b) through (g) of this Section 10.1;

(b) The material falsity of any representation or breach of any warranty or

covenant made by Developer under the terms of this Agreement;

(c) Developer or any constituent member or partner, or majority shareholder, of Developer shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (ii) fail to pay or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent or (v) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(d) If without the application, approval or consent of Developer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Developer or any constituent member or partner, or majority shareholder, of Developer, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Developer or of all or any substantial part of Developer's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Developer, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(e) Failure to sell all of the Assisted Units in the Project to CFLT or an approved alternate entity pursuant to this Agreement within six (6) months following Completion of the Project;

(f) Developer shall suffer or attempt to effect an assignment of this Agreement or a Transfer in violation of Section 9 above or Section 27 below; or

(g) Developer shall be in default under the terms of any Construction Loan or any other secured obligation secured by the Site or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

10.2. Remedies

Upon the occurrence of an Event of Default hereunder, HACOLA may, in its sole discretion, take any one or more of the following actions:

(1) Subject to the nonrecourse provisions of Section 1.3 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute (including the remedy of specific performance), in the sole discretion of HACOLA, to collect the amounts then due and thereafter to become due hereunder, and to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

(2) Upon the occurrence of an Event of Default which is occasioned by Developer's failure to pay money under this Agreement, HACOLA may, but shall not be obligated to, make such payment. If such payment is made by HACOLA, Developer shall deposit with HACOLA, upon written demand therefor, such sum plus interest at the highest rate of interest permitted by law. In either case, the Event of Default with respect to which any such payment has been made by HACOLA shall not be deemed cured until such repayment (as the case may be) has been made by Developer; and

(3) HACOLA has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in HACOLA the estate conveyed to Developer hereunder if after the Closing and prior to the issuance of the Certificate of Completion, Developer (or its successors in interest) shall:

a. fail to start the construction of the Project as required by this Agreement for a period of sixty (60) days after written notice from HACOLA that the Project has not commenced construction by the date set forth in this Agreement (subject to extensions due to events of force majeure pursuant to Section 10.5 hereof); or

b. abandon or substantially suspend construction of the Project required by this Agreement for a period of sixty (60) days after written notice from HACOLA that the Project has been abandoned or that construction has been suspended (subject to extensions due to events of force majeure pursuant to Section 10.5 hereof); or

c. contrary to the provisions of Section 27 transfer or suffer any involuntary transfer of the Site or any part thereof in violation of this Agreement.

d. Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

i. Any mortgage or deed of trust permitted by this Agreement;
or

ii. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deeds of trust.

e. The Grant Deed shall contain appropriate reference and provision to give effect to HACOLA's right as set forth in this paragraph, under specified circumstances prior to recordation of the Certificate of Completion, to reenter and take possession of the Site, with all improvements thereon, and to terminate and revest in HACOLA the estate conveyed to Developer. Upon the revesting in HACOLA of title to the Site as provided in this paragraph, HACOLA shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as HACOLA shall find feasible and consistent with the objectives of law to a qualified and responsible party or parties (as determined by HACOLA) who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to HACOLA. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted

by this Agreement, shall be applied:

i. First, to reimburse HACOLA all costs and expenses incurred by HACOLA, excluding HACOLA staff costs, but specifically, including, but not limited to, any expenditures by HACOLA in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by HACOLA from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which Developer has not paid; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time of reversion of title thereto in HACOLA, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing HACOLA, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession, less (b) any gains or income withdrawn or made by HACOLA from the Site or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by HACOLA as its property. In no event shall HACOLA be entitled hereunder to reenter and take possession of any completed Units. The rights established in this paragraph are not intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that HACOLA will have conveyed the Site to Developer for purposes of the development and operation of affordable housing, and not for speculation in undeveloped land.

(4) Pursue any and all other remedies available to HACOLA at law or in equity.

Without limiting the generality of the foregoing, HACOLA shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from Developer arising out of or in connection with this Agreement, and in connection with such waiver HACOLA acknowledges that HACOLA is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

HACOLA's Initials

10.3. No Remedy Exclusive

No remedy herein conferred upon or reserved to HACOLA is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as HACOLA may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by HACOLA. In order to entitle HACOLA to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

10.4. HACOLA Default and Developer Remedies

Upon the failure of HACOLA to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Developer specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Developer may, as its sole and exclusive remedies:

- (a) Demand and obtain payment from HACOLA of any sums due to or for the benefit of Developer pursuant to the express terms of this Agreement;
- (b) Bring an action in equitable relief seeking the specific performance by HACOLA of the terms and conditions of this Agreement or seeking to enjoin any act by HACOLA which is prohibited hereunder; and/or
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Developer shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from HACOLA arising out of or in connection with this Agreement, and in connection with such waiver Developer acknowledges that Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Developer's Initials

10.5 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where

delays or Defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include the following: war; acts of terrorism; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; acts or failures to act of the County or any other public or governmental agency or entity (other than the acts or failures to act of HACOLA or the County which shall not excuse performance by HACOLA). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of HACOLA and Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the Project, and lack of market support for the Project, shall not constitute grounds of enforced delay pursuant to this Section 10.5.

11. [RESERVED]

12. RIGHT OF ACCESS AND INSPECTION

HACOLA, CDC and the County shall have the right at any time, upon reasonable advance notice, during normal business hours to enter upon the Site for purposes of inspection. If HACOLA in its reasonable discretion determines that any work or materials, actions or expenditures are not in conformity with this Agreement or any applicable Governmental Restrictions, HACOLA shall give the Developer notice of this nonconformity and consult with the Developer regarding cure of the matter. Inspection by HACOLA or the County of the Project or the Site or any construction thereof is for the sole purpose of protecting HACOLA and is not to be construed as an acknowledgment, acceptance or representation by HACOLA or the County that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or any Governmental Restrictions, or that the Project or the Site or any of the construction thereof is or will be free of faulty materials or workmanship.

13. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY

No County/CDC/HACOLA Representative shall have any personal interest, direct or indirect, in this Agreement, nor shall any County/CDC/HACOLA Representative participate in any decision relating to this Agreement which affects such County/CDC/HACOLA Representative's pecuniary interest in any corporation, partnership or association in which County/CDC/HACOLA Representative is directly or indirectly interested. No County/CDC/HACOLA Representative shall be personally liable in the event of a breach of this Agreement by HACOLA.

14. AMENDMENTS, CHANGES AND MODIFICATIONS

This Agreement may not be amended, changed, or modified without the prior written consent

of the parties hereto.

15. EXECUTION OF COUNTERPARTS

This Agreement with exhibits constitutes the entire understanding and agreement of the parties and may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

16. NOTICES

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:

If to HACOLA: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Developer: Olson Urban Housing, LLC
3020 Old Ranch Parkway, Suite 400
Seal Beach, CA 90740
Attention: Todd Olson (with copies to John Reekstin and Katherine Chandler)

With copies to: Community Foundation Land Trust
445 Figueroa Street, Suite 3400
Los Angeles, California 90071-1638
Attention: Ann Sewill

Notices shall be effective upon receipt, if given by personal delivery, otherwise notices shall be effective on the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each Party shall promptly notify the other Party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

17. SEVERABILITY

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

18. INTERPRETATION

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Developer. Each Party has been represented by counsel in the negotiation of this Agreement and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting.

19. NO WAIVER; CONSENTS

Any waiver by HACOLA must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by HACOLA to take action on account of any default of Developer. Consent by HACOLA to any act or omission by Developer will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for HACOLA's consent to be obtained in any future or other instance.

20. GOVERNING LAW

This Agreement shall be governed by the laws of the State of California.

21. COMPLIANCE WITH LAWS

Developer shall comply with all applicable Governmental Restrictions. As used herein, “**Governmental Restrictions**” shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; local fair housing laws; prevailing wage laws (e.g. California Labor Code Section 1720 et seq., Davis-Bacon Act (40 U.S.C. 276a), and any other applicable federal, state, and local law. If applicable, Developer shall comply with the environmental mitigation measures specified in the “Environmental Special Conditions”, attached hereto as Exhibit “O”. Developer shall indemnify, defend and hold HACOLA, CDC and County harmless for any suit, cost, attorneys’ fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Developer’s failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by HACOLA, except as otherwise provided herein. HACOLA understands and acknowledges that in making its determination as to whether prevailing wages are required to be paid in connection with the Project, Developer is expressly relying upon the representation of HACOLA in Section 24 hereof that the sole source of funds used pursuant to this Agreement is from the City of Industry Funds.

22. HACOLA REQUIREMENTS

Developer shall comply with the provisions set forth in Exhibit "L" to this Agreement.

23. ACCESS AND RETENTION OF RECORDS

Developer shall provide access to HACOLA, or any of its duly authorized representatives to any books, documents, papers and records of the Developer which are directly pertinent to the construction of the Project and this Agreement for the purpose of making audits, examinations, excerpts and transcriptions. Developer is required to retain the aforementioned records for a period of five (5) years after the end of the Term of this Agreement. In addition to the books and records described above, upon seventy-two (72) hours written notice, at any reasonable time during such time as this Agreement is in effect, Developer shall prepare and submit to HACOLA, all additional reports (other than the progress reports required to be prepared under Section 4.6 above) reasonably required by HACOLA or its representatives which in the reasonable judgment of HACOLA and its representatives may be relevant to a question of compliance with this Agreement. Developer shall also retain all such reports, records and data relating to the Project for the five-year period described above. In the event any litigation, claims or audit is started during the period when this Agreement is in effect, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved

24 REPRESENTATIONS AND WARRANTIES OF DEVELOPER

Developer hereby warrants and represents to HACOLA that:

24.1 Organization and Standing

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California, and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Agreement and all other documents executed in connection herewith.

24.2 Enforceability

This Agreement and all other instruments to be executed by Developer in connection herewith constitute the legal, valid and binding obligation of Developer, without joinder of any other party.

24.3 Authorization and Consents

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer and have been duly authorized by all necessary action of Developer's members, partners, directors, officers and shareholders.

24.4 Due and Valid Execution

This Agreement and all other instruments to be executed in connection herewith, will, as of

the date of their execution, have been duly and validly executed by Developer.

24.5 Licenses

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to develop and sell the Units.

24.6 Litigation and Compliance

To Developer's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any applicable Governmental Restrictions which could materially impair Developer's ability to perform its obligations under this Agreement.

24.7 Default

To Developer's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 10 above.

24.8 No Violations

The execution and delivery of this Agreement and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not constitute a breach of or default under any instrument or agreement to which Developer may be a party nor, to Developer's current actual knowledge, will the same constitute a breach of or violate any applicable Governmental Restrictions.

HACOLA hereby warrants and represents to Developer that:

24.9 Organization and Standing. HACOLA is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California, and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Agreement and all other documents executed in connection herewith.

24.10 Source of Funds. HACOLA represents that the sole source of public funds used to acquire the Site, and to provide any other assistance hereunder, is from funds obtained from the City of Industry equal to 20 percent of all tax increment revenue accruing from all redevelopment projects, and required to be set aside for low- and moderate-income housing, pursuant to Government Code Section 65584.3 No HOME Funds or funds other than the foregoing City of Industry funds have or will be used by HACOLA with respect to any of its obligations hereunder. HACOLA further represents that such funds obtained from the City of Industry are maintained in a separate account of HACOLA and are used only for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing at an affordable housing

cost, in compliance with Section 33334.2 of the Health and Safety Code, and for no other purposes.

24.11 No Other Offers. HACOLA has not made, and before the Close of Escrow will not make, any commitments to any governmental authorities, utility company, school board, church or other religious body, or any homeowner or homeowner's association, or to any other organization, group or individual, relating to the Site which would impose any obligation on the Developer, or its successors or assigns, after the Close of Escrow to make any contributions of money, dedications of land or grant of easements or rights of way, or to construct, install or maintain any improvements of a public or private nature on or off the Site, without the approval of the Developer.

24.12 No Violations. To the Best Knowledge of HACOLA, there are no violations of any health, safety, pollution, zoning or other laws, ordinances, rules or regulations with respect to the Site, which have not heretofore been entirely corrected. In the event HACOLA has actual knowledge of any such violations, HACOLA shall (i) immediately provide Developer with copies of all documents evidencing such violation, and (ii) cure such violation before the Close of Escrow.

24.13 Enforceability. This Agreement and all other instruments to be executed by HACOLA in connection herewith constitute the legal, valid and binding obligation of HACOLA, without joinder of any other party.

24.14 Authorization and Consents. The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the applicable law governing HACOLA and have been duly authorized by all necessary action of HACOLA's officers.

24.15 Due and Valid Execution. This Agreement, and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by HACOLA.

24.16 Litigation and Compliance. To HACOLA's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of HACOLA which could materially impair its ability to perform its obligations under this Agreement, nor is HACOLA in violation of any applicable Governmental Restrictions which could materially impair HACOLA's ability to perform its obligations under this Agreement.

24.17 Default. To HACOLA's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 10 above.

24.18 No Violations. The execution and delivery of this Agreement and all other documents executed or given hereunder, and the performances thereunder by HACOLA, as applicable, will not constitute a breach of or default under any instrument or agreement to which HACOLA may be a party nor, to HACOLA's current actual knowledge, will the same constitute a breach of or violate any applicable Governmental Restrictions.

25 APPROVALS

With respect to those matters set forth hereinabove providing for HACOLA's approval, consent or determination, such approval, consent or determination may be given or withheld in HACOLA's reasonable discretion, unless otherwise expressly stated in this Agreement.

Any review or approval of any matter by HACOLA or any HACOLA official or employee under this Agreement shall be solely for the benefit of HACOLA, and neither Developer nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer and not HACOLA shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the Plans, and the safety of the Project construction sites, the completed Project, and the operation thereof.

26 GOOD FAITH AND FAIR DEALING; TIME OF ESSENCE

HACOLA and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing. Time is of the essence with respect to the rights and obligations of the Parties under this Agreement.

27. ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT

Without the prior written approval of HACOLA, which approval HACOLA may give or withhold in its sole discretion, Developer shall not (i) sell, encumber, assign or otherwise transfer (collectively, "**Transfer**") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under this Agreement, as further described in Section 9 above. Developer hereby agrees that any purported Transfer not approved by HACOLA as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

At any time Developer desires to effect a Transfer hereunder, Developer shall notify HACOLA in writing (the "**Transfer Notice**") and, except with respect to a sale of a Unit in the Project in the ordinary course of Developer's business or the conveyance of the Assisted Units to CFLT, and in full compliance with this Agreement, shall submit to HACOLA for its prior written approval (i) all proposed agreements and documents (collectively, the "**Transfer Documents**") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to HACOLA sufficient to establish and insure that all requirements of this Section 27 have been and will be met. No Transfer Documents shall be approved by HACOLA unless they expressly provide for the assumption by the proposed transferee of all of Developer's obligations hereunder. The Transfer Notice shall include a request that HACOLA consent to the proposed Transfer. HACOLA agrees to make its decision on Developer's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after HACOLA receives the last of the items required by this Section 27. In the event HACOLA consents to a proposed Transfer, then such Transfer shall not be effective unless and until HACOLA receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform

with the proposed Transfer Documents originally submitted by Developer to HACOLA. Upon the effectiveness of any such Transfer, Developer shall be released from its obligations hereunder only if the written HACOLA consent expressly provides such a release. Except as expressly provided herein to the contrary, all Developer obligations hereunder shall run with the land and be binding on successors and assigns.

Notwithstanding any other provision of this Agreement to the contrary, HACOLA approval of an assignment of this Agreement or conveyance of the Site or Improvements, or any part thereof, shall not be required in connection with any of the following:

- (a) Any transfers to a limited liability company in which The Olson Company, Olson Urban Housing, LLC, or a subsidiary thereof is the managing member.
- (b) The conveyance or dedication of any portion of the Site to the County or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Project.
- (c) Any requested assignment for financing purposes (subject to such financing being considered and approved by HACOLA pursuant to Section 3.1.3 hereof), including the grant of a deed of trust to secure the funds necessary for land acquisition and construction financing of the Project.
- (d) Any sale of the Units to CFLT or Qualified Buyers in accordance with this Agreement.

Notwithstanding anything in this Agreement which may be or appear to be to the contrary, Developer agrees that it shall not be permitted to make any Transfer, whether or not HACOLA consent is required therefor and even if HACOLA has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to HACOLA or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 27 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

The prohibitions against Transfer contained in this Section 27 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the sale of the Units constructed upon the Site, provided such sales are in accordance with the terms of this Agreement. The prohibitions against Transfer contained in this Section 27 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Project in accordance with this Agreement.

In the absence of specific written agreement by HACOLA, no Transfer otherwise approved by HACOLA shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. If the Developer violates any provision of this Section 27, HACOLA may terminate this Agreement immediately upon written notice to Developer.

HACOLA and Developer agree that this Agreement shall be recorded in the official records of Los Angeles County as an encumbrance to the Site.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

HACOLA:

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

By: _____

Carlos Jackson

Its: _____

Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____

Deputy

DEVELOPER:

OLSON URBAN HOUSING, LLC, a Delaware
limited liability company, doing business as The
Olson Company

By: DenCity, a California corporation, Manager

By: _____

By: _____

TABLE OF EXHIBITS

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EXHIBIT “A”

DIRECTORY OF DEFINED TERMS [Need to Update]

Each of the following terms is defined in the section of the Agreement referenced in parentheses:

Additional Assistance Repayment Amount (Section 1.2)
Affordable Buyer Contribution (Section 5.3)
Affordable Housing Cost (Section 5.3)
Area Median Income (Section 5.1)
Assisted Unit (Recital B)
Assisted Unit Buyer Agreement (Section 5.4)
Assisted Unit Close of Escrow (Section 5.6)
Assisted Unit Closing Conditions (Section 5.5)
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Assisted Unit Repayment Amount (Section 1.2)
Basic Concept Drawings (Section 4.2)
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Close of Escrow (Section 3.2)
Closing Conditions (Section 3.1)
Completion of Project (Section 4.14)
Construction Budget (Section 3.1.3.2)
Construction Commitment (Section 3.1.3.1)
Construction Contract (Section 3.1.3.2)
Construction Lender (Section 4.12.3)
County (Section 4.4)
Developer (Opening Paragraph)
Developer’s Title Policy (Section 3.1.1.1)
Development Cost (Section 3.1.3.2)
Disapproval Notice (Section 3.1.3.3)
Escrow (Section 2)
Escrow Holder (Section 2)
Event of Default (Section 10.1)
General Contractor (Section 3.1.3.2)
Governmental Restrictions (Section 21)
HACOLA (Opening Paragraph)
HACOLA Assistance Amount (Section 5.3)
HACOLA/County Representatives (Section 4.7)

HACOLA Title Policy (Section 3.1.1.2)
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Sales Price (Section 5.7)
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Site (Recital A)
Submissions (Section 3.1.3.3)
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Tertiary Financing Amount (Section 5.3)
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Title Company (Section 3.1.1.1)
Transaction Documents (Section 3.1.4.5)
Transfer (Section 27)
Transfer Documents (Section 27)
Transfer Notice (Section 27)
Unit (Section 4.1)
Unpermitted Lien (Section 4.11)

EXHIBIT "B"

SITE LEGAL DESCRIPTION

THE SOUTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 3 SOUTH, RANGE 13 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT THEREFROM THE EAST 10 ACRES THEREOF.

ALSO EXCEPT THEREFROM THAT PORTION LYING WITHIN 131ST STREET AND SALINAS AVENUE AS ESTABLISHED BY AN INSTRUMENT RECORDED MARCH 31, 1952 AS INSTRUMENT NO. 2625, OFFICIAL RECORDS OF LOS ANGELES COUNTY.

Assessor's Parcel No. 6134-033-900

EXHIBIT “C”

PROJECT DESCRIPTION

EXHIBIT “D”

SITE PLANS AND ELEVATIONS

EXHIBIT “E”

FINANCING ASSUMPTIONS

EXHIBIT “F”

LAND ACQUISITION GRANT DEED

EXHIBIT “G”

[INTENTIONALLY OMITTED]

EXHIBIT “H”

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EXHIBIT “N”

CALCULATION OF AFFORDABLE HOUSING COST